

Summary of Financial Statements for the Fiscal Year Ended March 31, 2022 (Japan GAAP)

May 13, 2022

GEO HOLDINGS CORPORATION

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Scheduled date of the Annual General Shareholders Meeting: June 29, 2022

Scheduled date to submit annual securities report: June 30, 2022

Scheduled date to start dividend payment: June 30, 2022

Supplementary material on financial results: Yes

Briefing on this annual financial results : Yes (to institutional investors and analysts)

(Amounts less than million yen are discarded.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(The percentages indicate the rates of increase or decrease from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal Year ended:								
March 31, 2022	334,788	2.0	8,173	89.6	9,662	101.5	5,985	-
March 31, 2021	328,358	7.6	4,311	(57.0)	4,795	(55.5)	(752)	-

(Note) Comprehensive income: 5,746 million yen (- %) for fiscal year ended March 31, 2022
 (676 million yen) (- %) for fiscal year ended March 31, 2021

	Earnings per share	Fully diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal Year ended:	(yen)	(yen)	(%)	(%)	(%)
March 31, 2022	141.15	140.92	8.0	5.6	2.4
March 31, 2021	(17.75)	-	(1.0)	3.1	1.3

(Reference) Equity in net income of affiliates: 5 million yen for fiscal year ended March 31, 2022
 14 million yen for fiscal year ended March 31, 2021

(Note) Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) was applied from the beginning of the current fiscal year. Accordingly, the amounts of year ended March 31, 2022 above reflect application of this standard.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Book value per share
	(Millions of yen)	(Millions of yen)	%	(yen)
As of March 31, 2022	174,375	77,193	44.1	1,811.83
As of March 31, 2021	169,738	72,982	42.8	1,711.37

(Reference) Shareholders' equity: As of March 31, 2022: 76,832 million yen
 As of March 31, 2021: 72,572 million yen

(Note) Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) was applied from the beginning of the current fiscal year. Accordingly, the amounts of year ended March 31, 2022 above reflect application of this standard.

(3) Consolidated statement of cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow 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)
As of March 31, 2022	(5,731)	(6,694)	5,595	47,851
As of March 31, 2021	12,428	(8,225)	14,683	54,576

2. Dividends

(Record dates)	Dividend per share (yen)					Total dividend paid (Millions of yen)	Dividend payout ratio (consolidated) %	Ratio of dividends to shareholders' equity %
	1st quarter end	2nd quarter end	3rd quarter end	Year-end	Annual			
Fiscal Year ended March 31, 2021	-	17.00	-	17.00	34.00	1,441	-	2.0
Fiscal Year ended March 31, 2022	-	12.00	-	12.00	24.00	1,017	17.0	1.4
Fiscal Year ending March 31, 2023 (Forecast)	-	12.00	-	12.00	24.00		26.8	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(The percentages indicate the rates of increase or decrease from the previous year.)

	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
Full year	350,000	4.5	7,000	(14.4)	7,600	(21.3)	3,800	(36.5)	89.61

Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2022 (changes in Specified Subsidiaries accompanying a change in the scope of consolidation): None

(2) Changes in accounting principles or changes in accounting estimates or retrospective restatements.

1) Changes in accounting principles due to amendments to accounting standards, etc.: Yes

2) Changes in accounting principles other than 1): None

3) Changes in estimates used for accounting: None

4) Retrospective restatements: None

(Note) Please see “4. Consolidated Financial Statement, (5) Notes to consolidated financial statements, (Changes in accounting principles)” on page 15 of the Attachments for details.

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding (including treasury stock):

As of March 31, 2022 42,405,952 shares

As of March 31, 2021 42,405,952 shares

2) Number of treasury shares:

As of March 31, 2022 - shares

As of March 31, 2021 - shares

3) Average number of outstanding shares:

During the fiscal year ended March 31, 2022 42,405,952 shares

During the fiscal year ended March 31, 2021 42,401,900 shares

(Reference) Unconsolidated Results for the Fiscal Year Ended March 31, 2022

(from April 1, 2021 to March 31, 2022)

(1) Unconsolidated operating results

(The percentages indicate the rate of increase or decrease from the previous year.)

Fiscal Year ended:	Net sales		Operating profit		Ordinary profit		Profit	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
March 31, 2022	11,715	5.2	2,014	75.7	2,515	-	2,165	(57.1)
March 31, 2021	11,136	24.0	1,146	(3.6)	(388)	-	5,051	-

	Earnings per share	Fully diluted earnings per share
Fiscal Year Ended:	(yen)	(yen)
March 31, 2022	51.07	50.99
March 31, 2021	119.14	118.95

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
As of March 31, 2022	98,054	27,204	27.4	633.01
As of March 31, 2021	95,469	26,527	27.4	615.88

(Reference) Shareholders' equity: As of March 31, 2022 26,843 million yen
As of March 31, 2021 26,116 million yen

<Reason for the difference in unconsolidated results between the current and previous fiscal year>

For the previous fiscal year, the unconsolidated ordinary profit resulted in a loss because the Company made a provision for allowance for doubtful accounts to subsidiaries. However, this provision was not made for the current fiscal year and the unconsolidated ordinary profit increased from the previous fiscal year. Unconsolidated profit decreased from the previous fiscal year because extraordinary profit (gain on extinguishment of tie-in shares) was accounted for the previous fiscal year due to reorganization of subsidiaries while this was not accounted for the current fiscal year.

*This summary is not subject to the audit procedures by a certified public accountant or audit corporation.

*Explanation regarding appropriate use of financial forecasts and other special remarks

The forward-looking statements included in this summary such as financial forecasts are based on currently available information and certain assumptions, which we deem to be reasonable as of the date of this summary. There is no guarantee that the Company will achieve those targets. Actual results may differ significantly from these forecasts due to various factors. Please see “1. Overview of Results of Operations, etc.,” “(1) Overview of Operating Results” on page 2 of the Attachments for the basis of forecasts and notes on reliance on forecasts.

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1. Overview of Results of Operations, etc.

(1) Overview of Operating Results

(i) Results for the current fiscal year

For the business environment for this current fiscal year, while voluntary restraint on going out continued to prevent the spread of COVID-19 infection, there was an air of relaxation on this restraint from the second half of the fiscal year where signs were observed for consumption activities and economic activities returning to normal. However, there remained concerns over the resurgence of the spread of variant of coronavirus and the outlook was still uncertain.

In such an environment, the Group has continued various efforts such as requiring employees to wear masks and disinfect with alcohol by following guidelines from the relevant authorities, and providing our products and services by paying sufficient attention to the safety of customers and employees in our aim to “offer joy to your everyday life.”

In reuse (comprehensive) merchandise¹, 2nd STREET in which reuse clothing is its core merchandise was strongly affected by voluntary restraint on going out, however, its sales turned towards recovery from relaxation on this restraint from the second half of the current fiscal year. In reuse luxury items, wholesale of luxury watches, etc. to overseas continued to be strong due to active overseas market.

In reuse (media) merchandise, we were able to secure stock for reuse game device due to gradual improvement in the balance between demand and supply for brand new game device and gradual upturn in buying reuse game device. This stock enabled us to sell, thereby improving our business cycle. However, sales declined for reuse game software being unable to reach the level of sales that resulted from special demand that arose in 2020 from the public staying home. In reuse mobile device such as smartphones, etc., buying and selling showed signs of recovery from the launch of a new model iPhone.

In brand new game-related merchandise, as the special demand that arose for game-related merchandise from the public staying home from coronavirus calmed, and shortage in supply of home game device “Play Station 5” continued, sales did not exceed the sales of the previous fiscal year although sales increased for trading cards, AV accessories, and smartphone accessories.

In our rental business where we mainly rent videos such as DVDs, the falling trends in sales is continuing due to the reduced supply of new titles that has been continuing from the postponement of release of movies in theatres that has been continuing from the previous fiscal year, and also due to the spread of video streaming services.

As a result, sales for the current fiscal year resulted in 334,788 million yen (2.0% increase from the previous fiscal year), operating profit resulted in 8,173 million yen (89.6% increase from the previous fiscal year), ordinary profit resulted in 9,662 million yen (101.5% increase from the previous fiscal year), and profit attributable to owners of parent resulted in 5,985 million yen (where this was loss attributable to owners of parent of 752 million yen in the previous fiscal year). As change in accounting principles, we applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. Therefore, comparison with the results of the same period of the previous year is made with values based on different accounting standards. Please see “4. Notes to Consolidated Financial Statements, (5) Notes to consolidated financial statements, (Changes in accounting principles)” for details.

¹ From the second quarter of this fiscal year, we changed the English term of “reuse (non-media)” merchandise to “reuse (comprehensive)” merchandise to clarify that “reuse (comprehensive)” merchandise comprehensively includes reuse merchandise other than “reuse (media)” merchandise.

The results for major merchandise are as follows.

		Fiscal Year ended March 31, 2022 (Millions of yen)	Increase from the previous fiscal year
Reuse goods	Comprehensive	111,648	142.7%
	Media	56,771	102.4%
Brand new		104,707	97.2%
Rental		42,984	83.4%

(Note) From the current fiscal year, the sales for major merchandise other than for GEO, 2nd STREET, and OKURA are aggregated and compared by categorizing those merchandise into categories based on the attribute of each merchandise.

The group's stores and facilities as at the end of the current fiscal year are as follows.
 () show increase or decrease from the end of the previous fiscal year.

	Directly-managed stores			FC Stores and Distributors			Total	
		Newly opened	Closed		Newly opened	Closed		
Total number of GEO group stores	1,765	95	87	193	3	9	1,958	(2)
GEO	972	6	54	139	0	8	1,111	(-56)
2nd STREET	710	61	25	54	3	1	764	(38)
2nd STREET (overseas)	26	10	0				26	(10)
OKURA TOKYO	19	5	1				19	(4)
Luck Rack	19	13	4				19	(9)
WAREHOUSE	10	0	1				10	(-1)
Others	9	0	2				9	(-2)

- (Notes)
1. The number of stores is counted based on each store name.
 2. GEO includes stores that buy and sell home game-related items, mobile phones, and smart phones, and rent DVDs where they operate under the store names of GEO and GEO mobile.
 3. 2nd STREET includes stores that buy and sell clothing, home appliances and other items where they operate under the names of 2nd STREET, Super 2nd STREET, 2nd OUTDOOR, and JUMBLE STORE, etc.
 4. 2nd STREET (overseas) which were counted as "Others" in the previous fiscal year, are separately indicated from the current fiscal year.

(ii) Future forecast

As the Group's business environment, the reuse market is continuously growing, which reflects trends to create a circulating-oriented society, and the market for video and music software rental, which was our original business and core business in the past, is continuously shrinking.

As forecast for fiscal year ending March 31, 2023, it is anticipated that the effect from the spread of the infection of COVID-19 will gradually weaken but remain at a certain level throughout the first half of the year. Furthermore, there is a concern that the costs will increase such as from the rise of prices of goods, personnel costs, and utilities due to soaring of the resource prices.

At our reuse stores in which 2nd STREET is the core business, we anticipate recovery in sales for reuse clothing due to increase in occasions to go out due to an air of relaxation on the restraint from going out and our efforts to

continue opening stores in order to achieve operating 800 stores by the end of the fiscal year ending March 31, 2023. For this purpose, we will continue with our efforts to improve store operations. With respect to wholesale to overseas of luxury items comprised mainly of luxury watches for which sales were strong during the current fiscal year, we anticipate that the soaring of the overseas reuse luxury items market will calm and that the sales ratio of overseas wholesale in reuse (comprehensive) merchandise will decrease.

For game software which is a core reuse merchandise handled by GEO, it is anticipated that download sales without mediation by a retail store will gradually increase. However, because a game software creates an asset value for the reuse market by being distributed as a packaged game software, we anticipate that sales for reuse software will grow soundly together with the sales for brand new game software. We also believe that the demands for used smartphones and tablets are rising due to rise in the price for brand new smartphones and tablets.

As outlook for brand new merchandise, it is anticipated that the shortage in the supply of some game device partly caused by shortage in semiconductors, etc. will gradually calm and we will continue to reinforce sales for game-related item, AV accessories, and smartphone accessories, etc.

In our rental business, we anticipate that the falling trends in sales will continue due to the shrinking rental market from the spread of video streaming services. However, our share in sales is continuing to rise and we project that our rental business will continue to contribute to our profits by further pursuing efficiency of our store operations.

In the same manner, we will aim to achieve growth over the long run by rearranging GEO's sales floor to respond to the shrinking rental market, open new stores for off price store Luck Rack which is a new retail format, and by enhancing recognition of our EC business and digital contents business that are growing.

From the above, as forecast for consolidated results for fiscal year ending March 31, 2023, we project sales of 350,000 million yen (4.5% increase from the previous fiscal year), operating profit of 7,000 million yen (14.4% decrease from the previous fiscal year), ordinary profit of 7,600 million yen (21.3% decrease from the previous fiscal year), and profit attributable to owners of parent of 3,800 million yen (36.5% decrease from the previous fiscal year).

(2) Overview of consolidated financial position

(i) Current assets

Current assets as of the end of the current fiscal year was 117,970 million yen, which increased 4,282 million yen from 113,687 million yen as of the end of the previous fiscal year. The main factors for this increase were an increase of 9,219 million yen in merchandise, while cash and deposits decreased 6,260 million yen.

(ii) Non-current assets

Non-current assets as of the end of the current fiscal year was 56,405 million yen, which increased 354 million yen from 56,050 million yen as of the end of the previous fiscal year. The main factors for this increase was an increase of 759 million yen in deferred tax assets, while rental assets decreased 416 million yen.

(iii) Current liabilities

Current liabilities as of the end of the current fiscal year was 36,057 million yen, which decreased 4,981 million yen from 41,038 million yen as of the end of the previous fiscal year. The main factor for this decrease was a decrease of 5,332 million yen in other.

(iv) Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was 61,124 million yen, which increased 5,407 million yen from 55,717 million yen as of the end of the previous fiscal year. The main factor for this increase was an increase of 6,106 million yen in long-term borrowings.

(v) Net assets

Net assets as of the end of the current fiscal year was 77,193 million yen, which increased 4,210 million yen from 72,982 million yen as of the end of the previous fiscal year. The main factors for this increase was an increase in retained earnings due to accounting 5,985 million yen in profit attributable to owners of parent and decrease of retained earnings from payment of 1,229 million yen as dividend of surplus.

(3) Cash Flows

Cash and cash equivalents (“cash”) at the end of the current fiscal year decreased by 6,725 million yen from the end of the previous fiscal year and resulted in 47,851 million yen.

The situations of each cash flow and their main factors for the current fiscal year are as follows.

(Cash flows from operating activities)

As a result of operating activities, cash decreased 5,731 million yen (where this increased 12,428 million yen in the previous fiscal year).

The main factors for this decrease were although there were profit before income taxes of 8,101 million yen, and depreciation of 4,870 million yen, there were increases in inventories of 8,990 million yen, decrease in accrued consumption taxes of 5,028 million yen, and income taxes paid of 5,469 million.

(Cash flows from investing activities)

As a result of investing activities, cash decreased 6,694 million yen (where this decreased 8,225 million yen in the previous fiscal year).

The main factor for this decrease was expenditures of 5,002 million yen from purchasing property, plant and equipment.

(Cash flows from financing activities)

As a result of financing activities, cash increased 5,595 million yen (where this increased 14,683 million yen in the previous fiscal year).

The main factor for this increase was income from long-term borrowings of 12,000 million yen, while there were expenditures of 5,012 million yen from repaying on long-term borrowings.

(4) Basic policy in distributing profits and dividends for the current and next fiscal year

One of the Company's top management priorities is to return profit to shareholders. For this purpose, the Company will continue to endeavor to establish a sound managerial base and improve profitability. The Company's policy is to pay dividends that reflect the performance and the Company currently pays dividends twice a year at interim and year-end as dividend of surplus.

The shareholders meeting decides the dividend of surplus for the year-end dividend, and the board of directors decides this for the interim dividend.

Pursuant to the above basic policy, an interim dividend of 12 yen per share was paid and a year-end dividend of 12 yen is scheduled to be paid.

The Company paid dividends as follows over the recent five (5) years.

(per share in yen)

	Fiscal Year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Interim	17	17	17	17	12
Year-end	17	17	17	17	12
Total	34	34	34	34	24

As dividends for the fiscal year ending March 31, 2023, the Company is scheduled to pay an interim dividend of 12 yen per share and a year-end dividend of 12 yen per share, which results in an annual dividend of 24 yen per share. These dividends are based on the Company's judgement that it is still on its path to recover profits.

2. The GEO Group Companies

The GEO group is comprised of GEO HOLDINGS CORPORATION, 30 subsidiaries, and two affiliates. The group mainly operates stores that buy and sell used clothes, accessories and home electronics and others (the “reuse shop”) and stores that buy and sell games, smartphones, and home electronics, sell brand new games, and rent DVDs, CDs and comics (the “media shop”).

In addition, the group is also advancing into the wholesale business of these merchandise, and operation of on-line services and EC sites.

The group companies and their businesses

(As of March 31, 2022)

Type of company	Business	Operating Company
Holding company	Planning and administration of group management	GEO HOLDINGS CORPORATION (the Company)
Operating companies	Support operation of stores	GEO CORPORATION
	Operation of media shop	GEO STORE CORPORATION
	Operation of reuse shop	2ND STREET CORPORATION OKURA CO., Ltd. 2nd STREET USA, Inc. 2nd STREET TRADING MALAYSIA SDN. BHD. 2nd STREET TAIWAN CO., LTD.
	Others	OKURA HOLDINGS CORPORATION OHKURA Co., Ltd. viviON, inc. EISYS, inc. forcs CORPORATION GEO CLEAR CORPORATION World mobile corporation Chelsea International Co., Ltd. Gramolux Inc. GEO BUSINESS SUPPORT Co., Ltd. GEO NETWORKS CORPORATION GEO RETAIL CORPORATION OOKURA INVESTMENTS Ltd. and five others

A company accounted for by the equity-method:
 T&G Inc.

A subsidiary excluded from the scope of consolidation (not accounted for by the equity method):
 Voga inc. (and four others)

An affiliate not accounted for by the equity method:
 Kabushiki Kaisha Nihon Auction Kyokai

3. Basic idea in selection of the accounting standards

With respect to accounting standards, we apply the Japanese accounting standards to enable comparison with competitors in the same industry in Japan.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	51,865	45,604
Notes and accounts receivable - trade	10,873	-
Accounts receivable - trade	-	9,962
Merchandise	42,218	51,438
Other	8,827	11,014
Allowance for doubtful accounts	(97)	(50)
Total current assets	113,687	117,970
Non-current assets		
Property, plant and equipment		
Rental assets	72,735	65,764
Accumulated depreciation	(70,237)	(63,683)
Rental assets, net	2,497	2,081
Buildings and structures	45,708	45,774
Accumulated depreciation	(31,768)	(32,127)
Buildings and structures, net	13,940	13,646
Land	5,104	5,044
Other	33,357	34,543
Accumulated depreciation	(26,721)	(28,195)
Other, net	6,635	6,348
Total property, plant and equipment	28,177	27,121
Intangible assets	2,349	2,821
Investments and other assets		
Long-term loans receivable	1,718	1,825
Leasehold and guarantee deposits	16,987	17,366
Deferred tax assets	4,845	5,604
Other	2,960	2,578
Allowance for doubtful accounts	(986)	(914)
Total investments and other assets	25,524	26,461
Total non-current assets	56,050	56,405
Total assets	169,738	174,375

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	15,108	14,123
Current portion of long-term borrowings	5,012	5,893
Provision for bonuses	1,933	2,388
Other	18,984	13,651
Total current liabilities	41,038	36,057
Non-current liabilities		
Long-term borrowings	45,943	52,050
Lease liabilities	1,179	1,124
Deferred tax liabilities	66	74
Asset retirement obligations	6,669	6,871
Other	1,858	1,004
Total non-current liabilities	55,717	61,124
Total liabilities	96,755	97,181
Net assets		
Shareholders' equity		
Share capital	8,975	8,975
Capital surplus	3,388	3,388
Retained earnings	60,024	64,523
Total shareholders' equity	72,388	76,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	199	(10)
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	(14)	(44)
Total accumulated other comprehensive income	184	(55)
Share acquisition rights	410	361
Total net assets	72,982	77,193
Total liabilities and net assets	169,738	174,375

(2) Consolidated Income Statement and Statement of Comprehensive Income

Consolidated Income Statement

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	328,358	334,788
Cost of sales	203,134	203,990
Gross profit	125,223	130,798
Selling, general and administrative expenses	120,911	122,624
Operating profit	4,311	8,173
Non-operating income		
Interest and dividend income	62	56
Foreign exchange gains	37	423
Rental income from real estate	742	680
Insurance claim income	260	305
Other	664	983
Total non-operating income	1,767	2,450
Non-operating expenses		
Interest expenses	230	214
Rental expenses on real estate	493	335
Loss on retirement of non-current assets	153	204
Other	406	206
Total non-operating expenses	1,284	961
Ordinary profit	4,795	9,662
Extraordinary income		
Gain on sale of investment securities	-	250
Total extraordinary income	-	250
Extraordinary losses		
Impairment losses	1,932	1,797
Loss on withdrawal from business	554	-
Other	163	14
Total extraordinary losses	2,650	1,812
Profit before income taxes	2,144	8,101
Income taxes - current	3,890	2,645
Income taxes - deferred	(993)	(529)
Total income taxes	2,896	2,115
Profit (loss)	(752)	5,985
Profit (loss) attributable to owners of parent	(752)	5,985

Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(752)	5,985
Other comprehensive income		
Valuation difference on available-for-sale securities	86	(210)
Deferred gains or losses on hedges	2	1
Foreign currency translation adjustment	(13)	(30)
Total other comprehensive income	75	(239)
Comprehensive income	(676)	5,746
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(676)	5,746

(3) Consolidated Statements of Change in Net Assets
(For the fiscal year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,969	3,382	64,218	(1,999)	74,569
Amount of cumulative effect due to changes in accounting principles					-
Balance at beginning of period after reflecting changes in accounting principles	8,969	3,382	64,218	(1,999)	74,569
Changes during period					
Issuance of new shares - exercise of share acquisition rights	6	6			12
Dividends of surplus			(1,441)		(1,441)
Profit (loss) attributable to owners of parent			(752)		(752)
Cancellation of treasury shares			(1,999)	1,999	-
Net changes in items other than shareholders' equity					
Total changes during period	6	6	(4,194)	1,999	(2,181)
Balance at end of period	8,975	3,388	60,024	-	72,388

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	113	(3)	(0)	108	338	75,016
Amount of cumulative effect due to changes in accounting principles						-
Balance at beginning of period after reflecting changes in accounting principles	113	(3)	(0)	108	338	75,016
Changes during period						
Issuance of new shares - exercise of share acquisition rights						12
Dividends of surplus						(1,441)
Profit (loss) attributable to owners of parent						(752)
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	86	2	(13)	75	72	148
Total changes during period	86	2	(13)	75	72	(2,033)
Balance at end of period	199	(1)	(14)	184	410	72,982

(For the fiscal year ended March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,975	3,388	60,024	-	72,388
Amount of cumulative effect due to changes in accounting principles			(256)		(256)
Balance at beginning of period after reflecting changes in accounting principles	8,975	3,388	59,767	-	72,131
Changes during period					
Issuance of new shares - exercise of share acquisition rights					-
Dividends of surplus			(1,229)		(1,229)
Profit (loss) attributable to owners of parent			5,985		5,985
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	4,755	-	4,755
Balance at end of period	8,975	3,388	64,523	-	76,887

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	199	(1)	(14)	184	410	72,982
Amount of cumulative effect due to changes in accounting principles						(256)
Balance at beginning of period after reflecting changes in accounting principles	199	(1)	(14)	184	410	72,726
Changes during period						
Issuance of new shares - exercise of share acquisition rights						-
Dividends of surplus						(1,229)
Profit (loss) attributable to owners of parent						5,985
Cancellation of treasury shares						
Net changes in items other than shareholders' equity	(210)	1	(30)	(239)	(49)	(288)
Total changes during period	(210)	1	(30)	(239)	(49)	4,466
Balance at end of period	(10)	(0)	(44)	(55)	361	77,193

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,144	8,101
Depreciation	5,289	4,870
Rental assets depreciation	4,710	3,920
Impairment losses	1,932	1,797
Amortization of goodwill	56	56
Interest and dividend income	(62)	(56)
Interest expenses	230	214
Decrease (increase) in trade receivables	(787)	968
Decrease (increase) in inventories	(3,986)	(8,990)
Purchase of Rental assets	(4,004)	(3,613)
Increase (decrease) in trade payables	4,069	(1,276)
Loss (gain) on sale of investment securities	-	(250)
Loss on withdrawal from business	554	-
Increase (decrease) in accrued consumption taxes	3,735	(5,028)
Other, net	1,025	(802)
Subtotal	14,909	(88)
Interest and dividends received	47	41
Interest paid	(230)	(214)
Income taxes paid	(1,859)	(5,469)
Payment for loss on withdrawal from business	(437)	-
Net cash provided by (used in) operating activities	12,428	(5,731)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,783)	(5,002)
Purchase of intangible assets	(1,391)	(1,520)
Other, net	(1,050)	(171)
Net cash provided by (used in) investing activities	(8,225)	(6,694)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,000)	-
Proceeds from long-term borrowings	25,000	12,000
Repayments of long-term borrowings	(3,737)	(5,012)
Dividends paid	(1,443)	(1,227)
Other, net	(135)	(164)
Net cash provided by (used in) financing activities	14,683	5,595
Effect of exchange rate change on cash and cash equivalents	23	105
Net increase (decrease) in cash and cash equivalents	18,909	(6,725)
Cash and cash equivalents at beginning of period	35,666	54,576
Cash and cash equivalents at end of period	54,576	47,851

(5) Notes to consolidated financial statements

(Going concern assumptions)

None

(Changes in accounting principles)

(Application of Accounting Standard on Revenue Recognition)

We applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; this “Revenue Recognition Accounting Standard”) from the beginning of the current fiscal year. Accordingly, we began to recognize revenue at the time the customer acquires control over the contracted assets or services in such amount expected to be received in exchange for such assets or services. The major change that occurred from applying this Revenue Recognition Accounting Standard is, among the transactions where the total amount of consideration received from the customer was formerly recognized as revenue, for the transactions in which the role of our group in providing the assets or services to the customers falls under an agent, the amount received from the customers net of the amount payable to the principal is recognized as revenue.

In applying this Revenue Recognition Accounting Standard, we observed the transitional measures stipulated in the proviso of Paragraph 84 of this Revenue Recognition Accounting Standard. Therefore, the amount of cumulative effect, if assuming that a new accounting principle is retrospectively applied from the beginning of the current fiscal year, is added or deducted from the amount of surplus at the beginning of the current fiscal year, and the new accounting principle is applied from the balance at the beginning of the current fiscal year. However, we applied the method stipulated in Paragraph 86 of this Revenue Recognition Accounting Standard where we did not retrospectively apply the new accounting principle to the contracts which recognized nearly all the amounts of revenue pertaining thereto in accordance with the former treatment since before the beginning of the current fiscal year.

Furthermore, with respect to the item of account “Notes and accounts receivable - trade” under the “Current assets” of the balance sheet for the previous fiscal year, we changed the name of this item of account to “Accounts receivable - trade.” In this regard, we did not rearrange the balance sheet in any manner for the previous fiscal year in accordance with the transitional measures stipulated in Paragraph 89-2 of this Revenue Recognition Accounting Standard.

As a result, net sales and cost of sales respectively decreased by 23,595 million yen, however, the effect on operating profit, ordinary profit, and profit before income taxes was minor. The balance of the retained earnings at the beginning of the current fiscal year also decreased by 256 million yen.

The effect on per share information was minor.

(Application of Accounting Standard for Fair Value Measurement)

We applied the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, July 4, 2019; this “Fair Value Accounting Standard”), etc. from the beginning of the current fiscal year. Accordingly, we decided to apply the new accounting principles stipulated by the Fair Value Accounting Standard by observing the transitional measures stipulated in Paragraph 19 of the Fair Value Accounting Standard and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, July 4, 2019) towards the future. Our decision for this application had no effects on the consolidated financial statements.

(Segment information)

[Segment information]

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022):

Description is omitted because the group reports only through one segment, i.e., retail services.

[Related information]

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022):

1. Information based on products and services:
Description is omitted because the group reports only through one segment, i.e., retail services.
2. Information based on region:
 - (1) Net sales:
Description is omitted because net sales towards outside customers in Japan exceed 90% of the net sales indicated in the consolidated income statement.
 - (2) Property, plant and equipment:
Description is omitted because the amount of property, plant and equipment in Japan exceed 90% of the amount of property plant and equipment indicated in the consolidated balance sheet.

[Information on impairment loss on fixed assets for each reporting segment]

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022):

Description is omitted because the group reports only through one segment, i.e., retail services.

[Information on amortization and unamortized balance of goodwill for each reporting segment]

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022):

Description is omitted because the group reports only through one segment, i.e., retail services.

[Information on gain on negative goodwill for each reporting segment]

For the previous fiscal year (from April 1, 2020 to March 31, 2021) and the current fiscal year (from April 1, 2021 to March 31, 2022):

Description is omitted because the group reports only through one segment, i.e., retail services.

(Per share information (in yen))

	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
Shareholders' equity per share	1,711.37	1,811.83
Earnings (loss) per share	(17.75)	141.15
Fully diluted earnings per share	-	140.92

(Notes)

- The fully diluted earnings per share for the current fiscal year, even though dilutive shares exist, is not indicated because this resulted in a loss per share.
- The basis for calculating the shareholders' equity per share is as follows.

(Millions of yen except share information)

	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
Total net assets	72,982	77,193
Amount to be deducted from total net assets	410	361
(Stock acquisition rights in the above)	(410)	(361)
Net assets at the end of the fiscal year attributable to common shares	72,572	76,832
Number of common shares at the end of the fiscal year used for calculating the shareholders' equity per share	42,405,952	42,405,952

- The basis for calculating the earnings (loss) per share and fully diluted earnings per share is as follows.

(Millions of yen except share information)

	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
Earnings (loss) per share		
Profit (loss) attributable to owners of parent	(752)	5,985
Amount not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent for common shares	(752)	5,985
Average number of shares outstanding during the fiscal year	42,401,900	42,405,952
Fully diluted earnings per share		
Adjustments to profit attributable to owners of parent	-	-
Increase in the number of common shares	-	69,943
(Subscription rights to shares included in the above as number of shares)	(-)	(69,943)
Description of potential shares that were not included in calculating the fully diluted earnings per share due to them having no dilutive effect	-	1,353,500 shares subject to the Company's stock options (for the 11th (2016), 12th (2017), 13th (2018) and 14th (2019) stock acquisition rights)

(Subsequent events after the current period)

None