

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended August 31, 2022 (Based on Japanese GAAP)

October 7, 2022

Company name: Kojima Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7513 URL <https://www.kojima.net/corporation/>
 Representative: Representative Director and President Yuji Nakazawa
 Representative Senior Managing Director,
 Inquiries: General Manager of Corporate Planning Tadashi Arakawa TEL 03-6907-3113
 Division
 Scheduled date of ordinary general meeting of shareholders: November 16, 2022
 Scheduled date to file Securities Report: November 18, 2022
 Scheduled date to commence dividend payments: November 17, 2022
 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. Non-consolidated financial results for the year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

(1) Non-consolidated operating results

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	%
Year ended August 31, 2022	279,374	–	8,107	–	8,525	–	5,761	–
Year ended August 31, 2021	297,535	3.2	8,861	22.7	9,244	25.2	6,302	4.1

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended August 31, 2022	74.71	74.50	9.5	7.4	2.9
Year ended August 31, 2021	81.40	81.27	11.2	7.7	3.0

Reference: Share of profit (loss) of entities accounted for using equity method Year ended August 31, 2022 ¥ million
 Year ended August 31, 2021 ¥ million

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the fiscal year ended August 31, 2022. Each figure for the fiscal year ended August 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations. Therefore, the percentages of change from the previous year are not stated.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2022	117,154	61,941	52.8	801.81
As of August 31, 2021	112,525	58,993	52.4	764.30

Reference: Equity As of August 31, 2022 ¥61,833 million
 As of August 31, 2021 ¥58,940 million

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(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2022	7,772	(2,389)	(6,003)	17,435
Year ended August 31, 2021	1,918	(1,466)	(12,540)	18,055

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2021	–	0.00	–	14.00	14.00	1,079	17.1	1.9
Year ended August 31, 2022	–	0.00	–	14.00	14.00	1,079	18.7	1.8
Year ending August 31, 2023 (Forecast)	–	0.00	–	14.00	14.00		18.6	

3. Forecast of non-consolidated financial results for the year ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending February 28, 2023	138,900	0.3	3,900	(18.1)	4,000	(19.6)	2,700	(20.6)	35.01
Full year	285,200	2.1	8,400	3.6	8,500	(0.3)	5,800	0.7	75.21

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of August 31, 2022	77,912,716 shares	As of August 31, 2021	77,912,716 shares
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Number of treasury shares at the end of the period

As of August 31, 2022	795,213 shares	As of August 31, 2021	795,145 shares
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Average number of shares during the period

Year ended August 31, 2022	77,117,562 shares	Year ended August 31, 2021	77,427,506 shares
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* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available and on certain assumptions currently made pertaining to uncertain factors that may have an effect on future performance. Actual financial results may differ due to various factors.

(Means of access to supplementary material on financial results and contents of financial results meeting)

The Company plans to hold the financial results meeting for institutional investors and analysts on Tuesday, October 18, 2022. The state of affairs and explanatory details (audio) will be available on the Company's website with the materials on the financial results.

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

	As of August 31, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	18,055	18,935
Accounts receivable - trade	12,463	12,937
Merchandise	37,027	38,257
Supplies	116	114
Advance payments to suppliers	168	294
Prepaid expenses	1,184	1,943
Accounts receivable - other	2,088	2,003
Deposits paid	234	210
Other	163	782
Allowance for doubtful accounts	(201)	(127)
Total current assets	71,302	75,351
Non-current assets		
Property, plant and equipment		
Buildings	41,299	41,724
Accumulated depreciation	(33,178)	(33,671)
Buildings, net	8,120	8,053
Structures	3,693	3,586
Accumulated depreciation	(3,561)	(3,452)
Structures, net	132	134
Machinery and equipment	362	367
Accumulated depreciation	(356)	(360)
Machinery and equipment, net	5	7
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Tools, furniture and fixtures	4,514	5,062
Accumulated depreciation	(4,045)	(4,208)
Tools, furniture and fixtures, net	468	854
Land	8,528	8,420
Leased assets	1,427	1,270
Accumulated depreciation	(678)	(621)
Leased assets, net	748	648
Other	78	12
Total property, plant and equipment	18,082	18,131
Intangible assets		
Leasehold interests in land	483	483
Trademark right	0	–
Telephone subscription right	149	149
Software	498	463
Total intangible assets	1,131	1,095

(Millions of yen)

	As of August 31, 2021	As of August 31, 2022
Investments and other assets		
Prepaid pension costs	2,417	2,646
Long-term prepaid expenses	425	1,922
Deferred tax assets	7,821	7,350
Long-term security deposits	11,281	10,594
Other	119	116
Allowance for doubtful accounts	(54)	(54)
Total investments and other assets	22,010	22,575
Total non-current assets	41,223	41,802
Total assets	112,525	117,154

(Millions of yen)

	As of August 31, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	15,684	16,822
Current portion of long-term borrowings	4,625	4,120
Current portion of bonds payable	200	200
Lease liabilities	99	96
Accounts payable - other	5,012	5,321
Income taxes payable	878	704
Contract liabilities	–	6,861
Advances received	3,423	–
Deposits received	721	836
Provision for bonuses	1,187	1,229
Provision for point card certificates	2,308	–
Provision for loss on store closings	203	170
Asset retirement obligations	54	86
Other	1,380	2,624
Total current liabilities	35,780	39,072
Non-current liabilities		
Bonds payable	600	400
Long-term borrowings	10,707	6,587
Lease liabilities	371	274
Provision for goods warranties	319	171
Provision for loss on store closing	438	275
Asset retirement obligations	4,263	4,185
Contract liabilities	–	3,213
Other	1,051	1,032
Total non-current liabilities	17,752	16,140
Total liabilities	53,532	55,212
Net assets		
Shareholders' equity		
Share capital	25,975	25,975
Capital surplus		
Legal capital surplus	6,493	6,493
Other capital surplus	9,419	9,419
Total capital surplus	15,913	15,913
Retained earnings		
Other retained earnings		
Retained earnings brought forward	17,623	20,516
Total retained earnings	17,623	20,516
Treasury shares	(572)	(572)
Total shareholders' equity	58,940	61,833
Share acquisition rights	52	108
Total net assets	58,993	61,941
Total liabilities and net assets	112,525	117,154

Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Net sales	297,535	279,374
Cost of sales		
Beginning merchandise inventory	36,990	37,027
Cost of purchased goods	211,928	205,402
Total	248,919	242,430
Goods transfer to other account	94	172
Ending merchandise inventory	37,027	38,257
Cost of goods sold	211,797	203,999
Gross profit	85,737	75,374
Selling, general and administrative expenses	76,875	67,266
Operating profit	8,861	8,107
Non-operating income		
Interest income	40	31
Interest on securities	0	–
Dividend income	–	0
Commission income	52	98
Insurance claim income	151	203
Subsidy income	296	164
Other	73	68
Total non-operating income	613	565
Non-operating expenses		
Interest expenses	82	60
Interest on bonds	0	0
Commission expenses	54	18
Rental costs	18	18
penalty for contract	65	42
Other	9	7
Total non-operating expenses	230	147
Ordinary profit	9,244	8,525
Extraordinary income		
Gain on sale of non-current assets	70	226
Insurance claim income	226	32
Total extraordinary income	296	259
Extraordinary losses		
Loss on sale of non-current assets	0	149
Loss on retirement of non-current assets	62	53
Impairment losses	649	212
Loss on cancellation of leases	0	0
Provision for loss on store closings	17	19
Loss on disaster	285	547
Total extraordinary losses	1,015	983
Profit before income taxes	8,525	7,800
Income taxes - current	1,122	953
Income taxes - deferred	1,100	1,086
Total income taxes	2,223	2,039
Profit	6,302	5,761

Non-consolidated statements of changes in equity

Fiscal year ended August 31, 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
					Retained earnings brought forward	
Balance at beginning of period	25,975	6,493	9,419	15,913	12,252	12,252
Cumulative effects of changes in accounting policies						
Restated balance	25,975	6,493	9,419	15,913	12,252	12,252
Changes during period						
Dividends of surplus					(931)	(931)
Profit					6,302	6,302
Purchase of treasury shares						
Disposal of treasury shares			0	0		
Net changes in items other than shareholders' equity						
Total changes during period	–	–	0	0	5,371	5,371
Balance at end of period	25,975	6,493	9,419	15,913	17,623	17,623

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(155)	53,985	13	53,999
Cumulative effects of changes in accounting policies				–
Restated balance	(155)	53,985	13	53,999
Changes during period				
Dividends of surplus		(931)		(931)
Profit		6,302		6,302
Purchase of treasury shares	(419)	(419)		(419)
Disposal of treasury shares	3	3		3
Net changes in items other than shareholders' equity			38	38
Total changes during period	(416)	4,955	38	4,994
Balance at end of period	(572)	58,940	52	58,993

Fiscal year ended August 31, 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
					Retained earnings brought forward	
Balance at beginning of period	25,975	6,493	9,419	15,913	17,623	17,623
Cumulative effects of changes in accounting policies					(1,789)	(1,789)
Restated balance	25,975	6,493	9,419	15,913	15,834	15,834
Changes during period						
Dividends of surplus					(1,079)	(1,079)
Profit					5,761	5,761
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	–	4,681	4,681
Balance at end of period	25,975	6,493	9,419	15,913	20,516	20,516

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(572)	58,940	52	58,993
Cumulative effects of changes in accounting policies		(1,789)		(1,789)
Restated balance	(572)	57,151	52	57,204
Changes during period				
Dividends of surplus		(1,079)		(1,079)
Profit		5,761		5,761
Purchase of treasury shares	(0)	(0)		(0)
Disposal of treasury shares				–
Net changes in items other than shareholders' equity			56	56
Total changes during period	(0)	4,681	56	4,737
Balance at end of period	(572)	61,833	108	61,941

Non-consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended August 31, 2021	Fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,525	7,800
Depreciation	1,479	1,433
Impairment losses	649	212
Increase (decrease) in provision for bonuses	72	41
Increase (decrease) in provision for point card certificates	108	–
Increase (decrease) in provision for goods warranties	(176)	(147)
Increase (decrease) in provision for loss on store closings	(103)	(99)
Decrease (increase) in prepaid pension costs	(124)	(229)
Increase (decrease) in allowance for doubtful accounts	(11)	(74)
Interest and dividend income	(40)	(31)
Interest expenses on borrowings and bonds	82	60
Gain on sale of non-current assets	(70)	(226)
Loss on retirement of non-current assets	62	53
Decrease (increase) in trade receivables	1,258	(473)
Decrease (increase) in inventories	(33)	(1,322)
Increase (decrease) in advances received	(2,356)	–
Increase (decrease) in trade payables	(3,176)	1,137
Other, net	(2,924)	824
Subtotal	3,220	8,961
Interest and dividends received	0	0
Interest paid	(81)	(58)
Income taxes paid	(1,220)	(1,130)
Net cash provided by (used in) operating activities	1,918	7,772
Cash flows from investing activities		
Payments into time deposits	–	(1,500)
Purchase of property, plant and equipment	(841)	(1,779)
Payments for retirement of property, plant and equipment	(410)	(98)
Proceeds from sale of property, plant and equipment	70	409
Purchase of intangible assets	(372)	(77)
Decrease (increase) in investments and other assets	280	676
Other, net	(192)	(20)
Net cash provided by (used in) investing activities	(1,466)	(2,389)
Cash flows from financing activities		
Proceeds from long-term borrowings	4,000	–
Repayments of long-term borrowings	(14,841)	(4,625)
Redemption of bonds	(200)	(200)
Repayments of lease liabilities	(152)	(99)
Purchase of treasury shares	(419)	(0)
Dividends paid	(930)	(1,078)
Other, net	3	–
Net cash provided by (used in) financing activities	(12,540)	(6,003)
Net increase (decrease) in cash and cash equivalents	(12,088)	(620)
Cash and cash equivalents at beginning of period	30,144	18,055
Cash and cash equivalents at end of period	18,055	17,435