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## Consolidated Financial Results for the Fiscal Year Ended February 20, 2023 [Japanese GAAP]



April 3, 2023

Company name: OKUWA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 8217

URL: <https://www.okuwa.net>

Representative: Hirotugu Okuwa, President and Representative Director

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Scheduled date of general shareholders' meeting: May 16, 2023

Scheduled date of commencing dividend payments: May 17, 2023

Scheduled date of filing securities report: May 16, 2023

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors and financial analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended February 20, 2023 (February 21, 2022 - February 20, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 20, 2023	246,877	–	2,927	(44.1)	3,148	(42.4)	928	(39.0)
February 20, 2022	266,532	(4.5)	5,233	(33.3)	5,463	(31.8)	1,523	(59.8)

(Note) Comprehensive income: Fiscal year ended February 20, 2023: ¥819 million [(47.5)%]

Fiscal year ended February 20, 2022: ¥1,560 million [(58.8)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to operating income
Fiscal year ended	Yen	Yen	%	%	%
February 20, 2023	21.18	21.18	1.2	2.4	1.2
February 20, 2022	34.74	34.74	2.0	4.0	2.0

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

Fiscal year ended February 20, 2023: ¥(4) million

Fiscal year ended February 20, 2022: ¥(24) million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review. Therefore, the figure of operating income for the fiscal year ended February 20, 2023 shows the amount after the relevant accounting standards are applied, and the change from the previous corresponding period is not described.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 20, 2023	132,526	77,928	58.6	1,769.22
As of February 20, 2022	133,513	78,170	58.3	1,775.94

(Reference) Equity: As of February 20, 2023: ¥77,623 million

As of February 20, 2022: ¥77,876 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review. Therefore, the figures as of February 20, 2023 show the amounts after the relevant accounting standards are applied.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
February 20, 2023	5,931	(6,678)	(535)	15,386
February 20, 2022	8,590	(7,016)	(3,144)	16,668

### 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 20, 2022	–	13.00	–	13.00	26.00	1,140	74.8	1.5
Fiscal year ended	–	13.00	–	13.00	26.00	1,140	122.8	1.5
February 20, 2023	–	13.00	–	13.00	26.00			
Fiscal year ending	–	13.00	–	13.00	26.00		95.1	
February 20, 2024 (Forecast)								

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2024 (February 21, 2023 - February 20, 2024)

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	124,000	2.8	800	(22.1)	900	(23.7)	400	(37.0)	9.12
	253,000	2.5	3,400	16.1	3,600	14.3	1,200	29.2	27.35

#### \* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: – ( ), Excluded: – ( )

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement  
1) Changes in accounting policies due to the revision of accounting standards: Yes  
2) Changes in accounting policies other than 1) above: None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None

For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 15 of the Attachments to this report.

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the year (including treasury shares):

February 20, 2023: 45,237,297 shares

February 20, 2022: 45,237,297 shares

2) Total number of treasury shares at the end of the year:

February 20, 2023: 1,363,053 shares

February 20, 2022: 1,386,767 shares

3) Average number of shares during the year:

Year ended February 20, 2023:	43,867,826 shares
Year ended February 20, 2022:	43,847,571 shares

## (Reference) Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended February 20, 2023 (February 21, 2022 - February 20, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended February 20, 2023	241,174	–	2,824	(44.2)	3,222	(39.2)	1,031	(30.5)
February 20, 2022	262,734	(4.6)	5,065	(33.6)	5,303	(32.3)	1,484	(60.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 20, 2023	23.50	23.50
February 20, 2022	33.85	33.85

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review. Therefore, the figure of operating income for the fiscal year ended February 20, 2023 shows the amount after the relevant accounting standards are applied, and the change from the previous corresponding period is not described.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 20, 2023	132,356	77,786	58.7	1,772.06
As of February 20, 2022	132,766	77,672	58.5	1,770.28

(Reference) Equity: As of February 20, 2023: ¥77,748 million

As of February 20, 2022: ¥77,627 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review. Therefore, the figures as of February 20, 2023 show the amounts after the relevant accounting standards are applied.

### 2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending February 20, 2024 (February 21, 2023 - February 20, 2024)

(% indicates changes from the previous corresponding period.)

	Operating income		Operating profit		Ordinary profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	123,500	5.5	900	(31.3)	400	(48.0)	9.12
Full year	252,000	4.5	3,500	8.6	1,200	16.4	27.35

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

#### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on certain information available to the Company as of the date of publication of this document and on certain assumptions deemed reasonable. As such, actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the financial results forecast and notes on the use of the forecast, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 4 of the Attachments to this report.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the future outlook for the Japanese economy remained uncertain due to the impact of soaring material and energy prices triggered by the manifestation of geopolitical risks such as those brought on by the protracted situation in Ukraine, as well as economic slowdown stemming from policies taken by various governments to deal with high inflation, as the country worked to drive economic activities while taking measures against the spread of COVID-19.

The retail industry, too, continues to struggle with the harsh environment, as cross-industry competition intensifies and existing players compete to open new stores, amid the fluctuations in raw material prices due to the imbalance between supply and demand and the hikes in market prices, as well as a rise in the costs of utilities, labor, and so forth.

Against this backdrop, OKUWA Co., Ltd. (the “Company”) has decided the slogan for the fiscal year as “Let us contribute to host communities through our business as we cope with the ever-changing social circumstances and remain true to the customer-comes-first principle.” With the basic stance of responding to the ever-changing social environment and customer needs, and providing customers with food safety and security, and a prosperous life, we have worked to provide products and services that can respond to changing lifestyles with an eye on a post COVID-19 world. In addition, we have continued to thoroughly implement preventive measures against the infection at stores and have worked to provide sales systems and services to ensure the safety of employees and earn the trust of our customers.

As for the new store openings for the fiscal year under review, we opened the Nakatsugawa Nakamura Store (Nakatsugawa-shi, Gifu) in March, and the Mesa Iwade Store (Iwade-shi, Wakayama) in October. As for the revitalization of existing stores, we renovated the Kishiwada Hatsuta Store (Kishiwada-shi, Osaka) in March, and both the Pare Marche Nishikani Store (Kani-shi, Gifu) and the Price Cut Matsusaka Oishi Store (Matsusaka-shi, Mie) in April, the Izumisano Shofudai Store (Izumisano-shi, Osaka) in June, and the Igashindo Store (Iga-shi, Mie) in November.

Meanwhile, in order to increase management efficiency, we closed the Sanda Store (Sanda-shi, Hyogo), the Momoyama Store (Kinokawa-shi, Wakayama), the Pare Marche Horita Store (Nagoya-shi, Aichi), the Sakurai-higashi Store (Sakurai-shi, Nara), the Price Cut Hisaimotomachi Store (Tsu-shi, Mie), the Hiramatsu Shioya Store (Wakayama-shi, Wakayama), The LOWs Nishinosho Store (Wakayama-shi, Wakayama), and The LOWs Kawanaga-nishi Store (Wakayama-shi, Wakayama).

With regard to our consolidated subsidiaries, OAK FOODS CO. LTD., which operates restaurants, posted higher sales and profits due to a recovery trend in demand for restaurants from the trough of the COVID-19 pandemic, while SUNRISE., CO. LTD., which handles the processing and delivery of agricultural and other products, saw declines in both sales and profit.

On November 21, 2022, the Company conducted an absorption-type merger with consolidated subsidiary Hiramatsu Co., Ltd. (headquartered in Wakayama), with the Company as the surviving company, to strengthen the sales capability and improve the management efficiency of the Company and its consolidated subsidiaries (the “Group”). Hiramatsu Co., Ltd. consequently dissolved.

As a result, for the consolidated fiscal year under review, the Group posted operating income (net sales and operating revenue) of 246,877 million yen, operating profit of 2,927 million yen (down by 44.1% year-on-year), ordinary profit of 3,148 million yen (down by 42.4% year-on-year), and profit attributable to owners of parent of 928 million yen (down by 39.0% year-on-year).

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the consolidated fiscal year under review. For details, please see “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies).”

## (2) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the consolidated fiscal year under review decreased by 987 million yen from the end of the previous consolidated fiscal year to 132,526 million yen. The breakdown of the changes is as follows: current assets increased by 485 million yen, primarily due to an increase of 694 million yen in merchandise and finished goods, an increase of 640 million yen in accounts receivable – trade, and an increase of 481 million yen in accounts receivable – other included in other under current assets, despite a decrease of 1,278 million yen in cash and deposits. Non-current assets decreased by 1,472 million yen, primarily due to a decrease of 1,033 million yen in buildings and structures, net, a decrease of 785 million yen in leased assets, net, and a decrease of 569 million yen in construction in progress, all under property, plant and equipment, despite an increase of 674 million yen in tools, furniture and fixtures, net, under property, plant and equipment, and an increase of 541 million yen in deferred tax assets.

Liabilities decreased by 745 million yen from the end of the previous consolidated fiscal year to 54,597 million yen. Current liabilities increased by 194 million yen, primarily due to an increase of 1,979 million yen in current portion of long-term borrowings, despite a decrease of 671 million yen in accrued consumption taxes, a decrease of 508 million yen in notes and accounts payable – trade, and a decrease of 400 million yen in short-term borrowings. Non-current liabilities decreased by 940 million yen, primarily due to a decrease of 636 million yen in lease liabilities.

Net assets decreased by 242 million yen from the end of the previous consolidated fiscal year to 77,928 million yen. This was primarily due to a decrease of 272 million yen in remeasurements of defined benefit plans.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the consolidated fiscal year under review was 15,386 million yen, a decrease of 1,282 million yen or 7.7% compared with the end of the previous consolidated fiscal year.

The respective cash flow positions and the factors thereof for the consolidated fiscal year under review are as follows:

### (Cash Flows from Operating Activities)

Net cash provided by operating activities decreased by 2,659 million yen from the previous consolidated fiscal year to 5,931 million yen. This was primarily due to an increase in trade receivables of 640 million yen, a decrease in trade payables of 508 million yen, an increase in inventories of 694 million yen, a decrease in accrued consumption taxes of 671 million yen and income taxes paid of 677 million yen, despite profit before income taxes of 1,119 million yen, depreciation of non-cash items of 6,758 million yen and impairment losses of 1,820 million yen.

### (Cash Flows from Investing Activities)

Net cash used in investing activities decreased by 337 million yen from the previous consolidated fiscal year to 6,678 million yen. This was primarily due to purchase of non-current assets of 6,626 million yen.

### (Cash Flows from Financing Activities)

Net cash used in financing activities decreased by 2,609 million yen from the previous consolidated fiscal year to 535 million yen. This was primarily due to proceeds from long-term borrowings of 6 billion yen, despite repayments of long-term borrowings of 4,156 million yen, repayments of lease liabilities of 834 million yen, and dividends paid of 1,139 million yen.

(Reference) Changes in cash flow-related indicators

	Fiscal year ended February 20, 2019	Fiscal year ended February 20, 2020	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Equity ratio (%)	56.1	54.9	56.2	58.3	58.6
Equity ratio on market value basis (%)	37.4	47.1	38.2	31.0	30.5
Ratio of interest-bearing debt to cash flows (year)	3.0	2.4	1.4	2.2	3.4
Interest coverage ratio (times)	73.6	106.5	177.1	133.8	81.4

Equity ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio on market value basis:  $\text{Market capitalization} / \text{Total assets}$

Ratio of interest-bearing debt to cash flows:  $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payments}$

(Note 1) All indicators are calculated using financial values on a consolidated basis.

(Note 2) Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after deducting treasury shares) at the end of the fiscal year.

(Note 3) For operating cash flow, cash flows from operating activities in the Consolidated Statements of Cash Flows are used.

(Note 4) Interest-bearing debt cover all debts recorded on the Consolidated Balance Sheets that are bearing interest. Interest payments use the interest expenses on the Consolidated Statement of Cash Flows.

#### (4) Future Outlook

Under the theme of “a supermarket that continues to transform, with a timeless spirit,” we are promoting the construction of business models that can contribute to the local community by strengthening our product and sales capabilities and creating services in order to embody our management philosophy of “a company that can further contribute to the improvement of customers’ lifestyles.”

The environment surrounding our company has changed drastically and it is expected that the employment environment will continue to be difficult due to concerns about soaring prices of raw materials and hovering crude oil prices mainly due to increased geopolitical risk, rising minimum wages, and increased participation in social insurance. In addition, the outlook for personal consumption is expected to be uncertain and severe due to social structural changes such as aging population and decrease in the number of people per household and the impact of soaring prices.

Under these circumstances, we have decided that our next slogan will be “Let us cope with the drastically changing social environment by expanding our market share through reorganization of store formats and reducing costs through operational reform.” To achieve greater market shares in territories where we hold dominance, we will reorganize our four store formats of “Regular,” “Super Center,” “Mesa,” and “Price Cut” and work to improve operational efficiency in order to reduce various costs that are burgeoning due to the changes in social environment. With the basic stance of each employee responding to diversifying customer needs, and providing customers with food safety and security, and a prosperous life, we will continue to work to provide products and services that can respond to changing lifestyles with an eye on a post-COVID-19 world, and strive to improve competitiveness and profitability for contribution to the local community and sustainable growth.

In addition, we will strengthen our efforts to address “decarbonization,” “going plastic-free,” and “food loss” with the aim of contributing to the local community and achieving sustainable growth, through which we will

promote sustainable management. Also, in order to revitalize existing stores, we will develop new store layouts through makeover, etc. At the same time, we will promote the use of DX (digital transformation) to improve the efficiency of store work, and will work on store capital investment, operational reforms, and system investment.

For the full-year forecasts for the fiscal year ending February 20, 2024, operating income (net sales and operating revenue) of 253,000 million yen (an increase of 2.5% year on year), operating profit of 3,400 million yen (an increase of 16.1% year on year), ordinary profit of 3,600 million yen (an increase of 14.3% year on year), and profit attributable to owners of parent of 1,200 million yen (an increase of 29.2% year on year) are expected.

## 2. Basic Policy on Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements in accordance with generally accepted accounting principles in Japan, taking into account comparability of consolidated financial statements between different accounting periods and against different companies. Note that it is the policy of the Company to adopt the international financial reporting standards (IFRS) in the future depending on conditions and trends in Japan and abroad.



### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of February 20, 2022	As of February 20, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	17,029	15,751
Notes and accounts receivable - trade	5,653	6,294
Merchandise and finished goods	8,789	9,483
Other	1,942	2,371
Allowance for doubtful accounts	(0)	(0)
Total current assets	33,414	33,899
Non-current assets		
Property, plant and equipment		
Buildings and structures	139,465	141,155
Accumulated depreciation	(91,199)	(93,923)
Buildings and structures, net	48,265	47,232
Machinery, equipment and vehicles	6,611	6,886
Accumulated depreciation	(4,983)	(5,328)
Machinery, equipment and vehicles, net	1,627	1,558
Tools, furniture and fixtures	11,594	13,155
Accumulated depreciation	(9,050)	(9,937)
Tools, furniture and fixtures, net	2,543	3,218
Land	27,876	28,044
Leased assets	6,171	4,713
Accumulated depreciation	(4,189)	(3,516)
Leased assets, net	1,981	1,196
Construction in progress	1,413	843
Total property, plant and equipment	83,708	82,093
Intangible assets		
Other	3,929	3,691
Total intangible assets	3,929	3,691
Investments and other assets		
Investment securities	2,361	2,512
Retirement benefit asset	1,514	1,314
Leasehold deposits	4,571	4,540
Guarantee deposits	1,457	1,386
Deferred tax assets	1,831	2,372
Other	736	728
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	12,460	12,841
Total non-current assets	100,099	98,626
<b>Total assets</b>	<b>133,513</b>	<b>132,526</b>

(Million yen)

	As of February 20, 2022	As of February 20, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,192	12,684
Short-term borrowings	5,060	4,660
Current portion of long-term borrowings	4,149	6,129
Lease liabilities	830	660
Income taxes payable	358	373
Accrued consumption taxes	840	169
Provision for point card certificates	1,385	-
Refund liability	-	1,321
Contract liabilities	-	2,649
Asset retirement obligations	268	-
Other	12,682	10,315
Total current liabilities	38,768	38,963
Non-current liabilities		
Long-term borrowings	9,310	9,174
Lease liabilities	1,167	530
Deferred tax liabilities	9	2
Retirement benefit liability	73	73
Long-term leasehold deposits received	2,542	2,462
Long-term guarantee deposits	86	122
Asset retirement obligations	3,093	3,170
Other	292	98
Total non-current liabilities	16,574	15,634
Total liabilities	55,342	54,597
Net assets		
Shareholders' equity		
Share capital	14,117	14,117
Capital surplus	15,015	15,009
Retained earnings	50,656	50,513
Treasury shares	(1,658)	(1,629)
Total shareholders' equity	78,131	78,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	139	280
Remeasurements of defined benefit plans	(394)	(667)
Total accumulated other comprehensive income	(255)	(387)
Share acquisition rights	45	38
Non-controlling interests	249	267
Total net assets	78,170	77,928
Total liabilities and net assets	133,513	132,526

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
Net sales	255,996	234,726
Cost of sales	*1 184,794	*1 168,315
Gross profit	71,201	66,411
Operating revenue		
Real estate lease revenue	3,120	4,021
Other operating revenue	7,414	8,129
Total operating revenue	10,535	12,150
Operating gross profit	81,737	78,562
Selling, general and administrative expenses		
Advertising expenses	1,885	2,071
Supplies expenses	2,190	2,021
Distribution expenses	3,933	4,268
Promotion expenses	2,109	-
Remuneration for directors (and other officers)	149	143
Employees' salaries and allowances	28,535	28,516
Retirement benefit expenses	366	313
Welfare expenses	3,664	3,805
Security and cleaning expenses	2,704	2,624
Depreciation	6,004	6,314
Rent expenses	7,905	7,521
Utilities expenses	4,635	5,985
Repair expenses	2,782	2,390
Taxes and dues	1,705	1,690
Other	7,930	7,967
Total selling, general and administrative expenses	76,503	75,635
Operating profit	5,233	2,927
Non-operating income		
Interest income	1	1
Dividend income	51	72
Gain on sale of recycled materials	70	72
Miscellaneous income	209	168
Total non-operating income	333	315
Non-operating expenses		
Interest expenses	63	68
Share of loss of entities accounted for using equity method	24	4
Miscellaneous losses	14	21
Total non-operating expenses	102	93
Ordinary profit	5,463	3,148

(Million yen)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
<b>Extraordinary income</b>		
Gain on sale of non-current assets	0	13
Subsidy income	8	-
Gain on differences between the asset retirement obligation balance and the actual retirement costs	-	234
Other	-	5
<b>Total extraordinary income</b>	<b>9</b>	<b>252</b>
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	0	51
Loss on retirement of non-current assets	449	237
Impairment losses	*2 1,682	*2 1,820
Loss on cancellation of rental contracts	240	138
Other	42	33
<b>Total extraordinary losses</b>	<b>2,415</b>	<b>2,281</b>
Profit before income taxes	3,057	1,119
Income taxes - current	1,027	686
Income taxes - deferred	472	(517)
<b>Total income taxes</b>	<b>1,500</b>	<b>168</b>
Profit	1,556	951
Profit attributable to non-controlling interests	33	22
Profit attributable to owners of parent	1,523	928

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
Profit	1,556	951
Other comprehensive income		
Valuation difference on available-for-sale securities	88	141
Remeasurements of defined benefit plans, net of tax	(85)	(272)
Total other comprehensive income	3	(131)
Comprehensive income	1,560	819
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,526	797
Comprehensive income attributable to non-controlling interests	33	22

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,117	15,017	50,273	(1,674)	77,733
Cumulative effects of changes in accounting policies					-
Restated balance	14,117	15,017	50,273	(1,674)	77,733
Changes during period					
Dividends of surplus			(1,139)		(1,139)
Profit attributable to owners of parent			1,523		1,523
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(2)		16	14
Net changes in items other than shareholders' equity					
Total changes during period	-	(2)	383	16	397
Balance at end of period	14,117	15,015	50,656	(1,658)	78,131

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	50	(309)	(258)	51	220	77,747
Cumulative effects of changes in accounting policies						-
Restated balance	50	(309)	(258)	51	220	77,747
Changes during period						
Dividends of surplus						(1,139)
Profit attributable to owners of parent						1,523
Purchase of treasury shares						(0)
Disposal of treasury shares						14
Net changes in items other than shareholders' equity	88	(85)	3	(6)	29	26
Total changes during period	88	(85)	3	(6)	29	423
Balance at end of period	139	(394)	(255)	45	249	78,170

Fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,117	15,015	50,656	(1,658)	78,131
Cumulative effects of changes in accounting policies			68		68
Restated balance	14,117	15,015	50,724	(1,658)	78,199
Changes during period					
Dividends of surplus			(1,140)		(1,140)
Profit attributable to owners of parent			928		928
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(6)		28	22
Net changes in items other than shareholders' equity					
Total changes during period	-	(6)	(211)	28	(189)
Balance at end of period	14,117	15,009	50,513	(1,629)	78,010

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	139	(394)	(255)	45	249	78,170
Cumulative effects of changes in accounting policies						68
Restated balance	139	(394)	(255)	45	249	78,239
Changes during period						
Dividends of surplus						(1,140)
Profit attributable to owners of parent						928
Purchase of treasury shares						(0)
Disposal of treasury shares						22
Net changes in items other than shareholders' equity	141	(272)	(131)	(6)	17	(121)
Total changes during period	141	(272)	(131)	(6)	17	(310)
Balance at end of period	280	(667)	(387)	38	267	77,928

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,057	1,119
Depreciation	6,452	6,758
Impairment losses	1,682	1,820
Share of loss (profit) of entities accounted for using equity method	24	4
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(53)	(74)
Interest expenses	63	68
Loss (gain) on sale of investment securities	-	0
Loss (gain) on sale of non-current assets	0	38
Loss on retirement of non-current assets	449	237
Decrease (increase) in trade receivables	(188)	(640)
Decrease (increase) in inventories	530	(694)
Increase (decrease) in trade payables	(612)	(508)
Increase (decrease) in accrued consumption taxes	64	(671)
Increase (decrease) in long-term accounts payable - other	(74)	(185)
Other, net	(746)	(811)
Subtotal	10,649	6,462
Interest and dividends received	55	219
Interest paid	(64)	(72)
Income taxes paid	(2,049)	(677)
Net cash provided by (used in) operating activities	8,590	5,931
<b>Cash flows from investing activities</b>		
Payments into time deposits	(71)	(73)
Proceeds from withdrawal of time deposits	63	69
Purchase of non-current assets	(8,152)	(6,626)
Proceeds from sale of non-current assets	1,572	105
Purchase of investment securities	-	(100)
Proceeds from sale of investment securities	-	2
Loan advances	(20)	(20)
Payments of leasehold and guarantee deposits	(58)	(142)
Proceeds from refund of leasehold and guarantee deposits	325	287
Other, net	(676)	(181)
Net cash provided by (used in) investing activities	(7,016)	(6,678)



	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	400	(400)
Proceeds from long-term borrowings	3,000	6,000
Repayments of long-term borrowings	(4,317)	(4,156)
Repayments of lease liabilities	(1,064)	(834)
Repayments of other liabilities with interest	(17)	-
Dividends paid	(1,139)	(1,139)
Dividends paid to non-controlling interests	(4)	(4)
Purchase of treasury shares	(0)	(0)
Other, net	0	0
Net cash provided by (used in) financing activities	(3,144)	(535)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(1,570)	(1,282)
Cash and cash equivalents at beginning of period	18,239	16,668
Cash and cash equivalents at end of period	16,668	15,386

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”), etc. from the beginning of the consolidated fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Major changes due to the application of the Revenue Recognition Standard, etc. are as follows.

### 1. Revenue recognition related to agent transactions

For transactions in which the Company offers a good or services to a customer as an agent (consignment buying), revenue was previously recognized at the total amount of consideration received from the customer. After evaluating the Company’s role (whether it acts as a principal or an agent) in the provision of a good or services to the customer, however, revenue is now recognized at the net amount received from the customer less the amount paid to the supplier. Such revenue is recorded under operating revenue.

### 2. Revenue recognition related to the loyalty program

The Company offers a customer loyalty program, whereby points are granted to members at the time of sale and one point is converted to one yen. The Company previously recognized the estimated value to be redeemed as the provision and recorded the provision of point card certificates as promotion expenses under selling, general and administrative expenses. However, such revenue is now recognized at the amount of net sales less the points granted.

The Company previously recorded the points granted in connection with the sale of products based on the loyalty program operated by other companies as selling, general and administrative expenses. However, such revenue is now recognized at the amount of net sales less the amount equivalent to the points granted.

### 3. Revenue recognition related to gift certificates issued by the Company

The Company previously did not recognize revenue for unused portions of gift certificates it had issued. However, such revenue is now recognized at the time when the likelihood of customers exercising their rights becomes extremely low.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the consolidated fiscal year under review, with the new accounting policies applied from the beginning balance.

As a result, for the consolidated fiscal year under review, net sales decreased by 14,567 million yen, cost of sales decreased by 10,985 million yen, operating revenue increased by 1,545 million yen, and selling, general and administrative expenses decreased by 2,069 million yen. Operating profit, ordinary profit, and profit before income taxes increased by 32 million yen each. Meanwhile, the balance of retained earnings at the beginning of the period increased by 68 million yen.

Because of the application of the Revenue Recognition Standard, etc., starting from the beginning of the consolidated fiscal year under review, gift certificates and electronic money, which were included in other under current liabilities in the consolidated balance sheets for the previous consolidated fiscal year, are now included in contract liabilities, and provision for point card certificates is now presented as refund liability. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made to the previous year's consolidated financial statements to conform to the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the consolidated fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

(Significant accounting estimates)

(Impairment of non-current assets)

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

	Amount recorded on consolidated balance sheets (Million yen)	Amount recorded as impairment losses (Million yen)
Property, plant and equipment, and intangible assets	85,784	1,820

(2) Information on the content of material accounting estimates for the identified item

The Group determines asset groups based on the fact that each store is the minimum unit (asset group) that generates independent cash flow, and by considering the complementary relationship of cash-inflow. In addition, idle assets and leased assets are grouped by property.

The Group determines that there is a sign of impairment in an asset group if the profit or loss resulting from operating activities continues to be negative or if there is a change in the method of use that significantly reduces the recoverable amount (decision-making on closing or selling stores, etc.).

If there is a sign of impairment, the Group will determine the need to recognize impairment losses by making an estimate of the total future cash flows expected from continued use and post-use disposal of the asset group and by comparing it to the book value of non-current assets of the asset group. If it becomes subject to impairment losses, the book value of non-current assets is reduced to the recoverable amount (the higher of net realizable value or value in use), and the reduced amount is recorded as impairment losses.

Estimates of future cash flows resulting from continued use of the asset groups are based on the main assumption of forecasting future sales trends based on the performance of prior years and current progress.

The main assumptions are uncertain because they are affected by changes in the business environment in each store opening area.

Therefore, if the main assumptions need to be revised, new impairment losses may be recorded in the consolidated financial statements for the following consolidated fiscal year.

(Recoverability of Deferred tax assets)

(1) Amount recorded on the consolidated financial statements for the fiscal year under review  
2,372 million yen

(2) Information on the content of material accounting estimates for the identified item

The Group records deferred tax assets for deductible temporary differences that are determined to be recoverable based on estimates of taxable income based on future profit plans. The recoverability of deferred tax assets depends on estimates of future taxable income. Therefore, if the estimated amount of future taxable income fluctuates due to significant changes in the business environment, deferred tax assets will be reduced, which may have a significant impact on the consolidated financial statements for the following consolidated fiscal year.

(Notes to consolidated statements of income)

\*1 Of the cost of sales, the expenses of food factories that produce prepared foods are as follows:

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
	3,819 million yen	3,956 million yen

\*2 Impairment losses

The Group recorded impairment losses for the following asset groups.

For the fiscal year ended February 20, 2022

Purpose	Type	Location	Amount (Million yen)
Stores	Land, buildings and structures, etc.	Wakayama	1,408
	Buildings and structures, etc.	Hyogo	107
	Buildings and structures, etc.	Aichi	33
	Buildings and structures, etc.	Gifu	27
	Buildings and structures, etc.	Mie	12
	Buildings and structures	Nara	10
	Buildings and structures	Shizuoka	3
Leased assets	Leasehold interest in land, etc.	Nara	36
	Leasehold interest in land, etc.	Mie	10
Idle assets	Land	Wakayama	32

The Group groups its assets mainly using stores as the basic and minimum unit that generates cash flows. For idle assets and rental assets, they are grouped by property unit.

For stores, the book value of the asset groups whose profit and loss resulting from operating activities is continuously negative and the asset groups that had been decided to be disposed of was reduced to the recoverable amount, and the reduced amount was recorded as impairment losses under extraordinary losses. For assets to be sold, the book value was reduced to the estimated sales value, and the reduced amount (1,682 million yen) was recorded as impairment losses under extraordinary losses.

The breakdown of the impairment losses is as follows:

Land	1,326 million yen
Buildings and structures	310 million yen
Leasehold interest in land	31 million yen
Other	13 million yen
Total	1,682 million yen

The recoverable amount of the asset groups is measured by the higher of net realizable value or value in

use. Net realizable values are determined primarily by making reasonable adjustments to real estate appraisal value or roadside value and assessed value for property tax purposes. In addition, the value in use is calculated by discounting future cash flows mainly at 3.0%.

For the fiscal year ended February 20, 2023

Purpose	Type	Location	Amount (Million yen)
Stores	Buildings, structures and leasehold interest in land etc.	Shizuoka	777
	Buildings, structures and leasehold interest in land etc.	Nara	406
	Buildings and structures, etc.	Wakayama	344
	Buildings and structures, etc.	Osaka	170
	Buildings and structures, etc.	Aichi	88
	Leasehold interest in land, etc.	Gifu	14
	Buildings and structures, etc.	Mie	14
	Buildings and structures, etc..	Hyogo	3

The Group groups its assets mainly using stores as the basic and minimum unit that generates cash flows. For idle assets and rental assets, they are grouped by property unit.

For stores, the book value of the asset groups whose profit and loss resulting from operating activities is continuously negative and the asset groups that had been decided to be disposed of was reduced to the recoverable amount, and the reduced amount was recorded as impairment losses under extraordinary losses. For assets to be sold, the book value was reduced to the estimated sales value, and the reduced amount (1,820 million yen) was recorded as impairment losses under extraordinary losses.

The breakdown of the impairment losses is as follows:

Buildings and structures	1,427 million yen
Leasehold interest in land	197 million yen
Land	103 million yen
Tools, furniture and fixtures	78 million yen
Other	13 million yen
<u>Total</u>	<u>1,820 million yen</u>

The recoverable amount of the asset groups is measured by the higher of net realizable value or value in use. Net realizable values are determined primarily by making reasonable adjustments to real estate appraisal value or roadside value and assessed value for property tax purposes. In addition, the value in use is calculated by discounting future cash flows mainly at 3.5%.

(Business combinations)

Transactions under common control, etc.

(Absorption-type merger with a consolidated subsidiary)

The Company decided at a meeting of the Board of Directors held on July 5, 2022, to implement an absorption-type merger of its consolidated subsidiary Hiramatsu Co., Ltd. and entered into a merger agreement on July 5, 2022, pursuant to which the Company implemented the merger effective November 21, 2022.

1. Outline of transaction

(1) Name and business of the company combined

Name of the company combined	Hiramatsu Co., Ltd.
Business	Supermarket business

(2) Date of business combination

November 21, 2022

(3) Legal form of business combination

An absorption-type merger in which the Company is the surviving company and Hiramatsu Co., Ltd. is the dissolving company.

(4) Name of the company after combination

OKUWA Co., Ltd.

(5) Other matters related to the outline of transaction

Hiramatsu Co., Ltd. engaged in supermarket business in Wakayama. The transaction is intended to strengthen the sales capability and improve the management efficiency of the Group.

2. Outline of the accounting treatment implemented

The transaction was treated as a common control transaction in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No.21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, January 16, 2019).

(Segment information, etc.)

(Segment information)

For the fiscal year ended February 20, 2022 and the fiscal year ended February 20, 2023

The disclosure of the segment information is omitted because the reportable segment of the Group is the supermarket business only, and it is immaterial as disclosure information.

(Per share information)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
Net assets per share	1,775.94 yen	1,769.22 yen
Basic earnings per share	34.74 yen	21.18 yen
Diluted earnings per share	34.74 yen	21.18 yen

(Note) The basis for calculating basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,523	928
Amount not attributable to common shareholders (Million yen)	–	–
Profit attributable to owners of parent related to common shares (Million Yen)	1,523	928
Average number of common shares outstanding during the period (Shares)	43,847,571	43,867,826
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million Yen)	–	–
Increase in number of common shares (Shares)	3,827	514
(Of which, share acquisition rights (Shares))	(3,827)	(514)
Overview of residual shares not included in the calculation of diluted earnings per share due to their non-dilutive effect	–	–

(Significant subsequent events)

There is no relevant information.

#### 4. Non-consolidated Financial Statements and Primary Notes

##### (1) Balance Sheets

(Million yen)

	As of February 20, 2022	As of February 20, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	16,325	15,319
Accounts receivable - trade	5,873	6,249
Merchandise and finished goods	8,601	9,448
Advance payments to suppliers	-	45
Short-term loans receivable from subsidiaries and associates	3,000	1,120
Accounts receivable - other	1,660	2,126
Advances paid	62	9
Other	76	53
Allowance for doubtful accounts	(1,042)	(290)
Total current assets	34,557	34,080
Non-current assets		
Property, plant and equipment		
Buildings	44,706	44,490
Structures	2,576	2,286
Machinery and equipment	1,586	1,494
Vehicles	5	6
Tools, furniture and fixtures	2,484	3,184
Land	27,474	28,044
Leased assets	1,881	1,159
Construction in progress	1,413	843
Total property, plant and equipment	82,130	81,510
Intangible assets		
Leasehold interests in land	2,742	2,597
Software	850	747
Other	194	229
Total intangible assets	3,787	3,574
Investments and other assets		
Investment securities	1,866	2,165
Shares of subsidiaries and associates	183	183
Long-term prepaid expenses	302	361
Deferred tax assets	1,643	2,066
Prepaid pension costs	2,081	2,274
Investment property	96	96
Guarantee deposits	5,833	5,828
Deposits for stores in preparation	130	88
Other	158	133
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	12,290	13,191
Total non-current assets	98,208	98,276
Total assets	132,766	132,356



	As of February 20, 2022	As of February 20, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	13,122	12,563
Short-term borrowings	5,060	4,660
Current portion of long-term borrowings	4,149	6,129
Lease liabilities	786	638
Accounts payable - other	7,391	6,026
Accrued expenses	2,061	1,974
Income taxes payable	328	363
Accrued consumption taxes	781	152
Deposits received	595	589
Electronically recorded obligations-facilities	464	1,222
Provision for point card certificates	1,385	-
Refund liability	-	1,321
Contract liabilities	-	2,645
Asset retirement obligations	268	-
Other	1,952	353
Total current liabilities	<u>38,348</u>	<u>38,641</u>
Non-current liabilities		
Long-term borrowings	9,310	9,174
Lease liabilities	1,108	515
Provision for retirement benefits	-	42
Long-term guarantee deposits	2,990	2,932
Asset retirement obligations	2,984	3,104
Other	351	160
Total non-current liabilities	<u>16,745</u>	<u>15,928</u>
Total liabilities	<u>55,093</u>	<u>54,570</u>
Net assets		
Shareholders' equity		
Share capital	14,117	14,117
Capital surplus		
Legal capital surplus	14,027	14,027
Other capital surplus	987	981
Total capital surplus	<u>15,015</u>	<u>15,009</u>
Retained earnings		
Legal retained earnings	1,314	1,314
Other retained earnings		
Reserve for tax purpose reduction entry	1,096	1,039
General reserve	44,300	44,300
Retained earnings brought forward	3,306	3,322
Total retained earnings	<u>50,018</u>	<u>49,977</u>
Treasury shares	(1,658)	(1,629)
Total shareholders' equity	<u>77,492</u>	<u>77,474</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	134	274
Total valuation and translation adjustments	<u>134</u>	<u>274</u>
Share acquisition rights	45	38
Total net assets	<u>77,672</u>	<u>77,786</u>
Total liabilities and net assets	<u>132,766</u>	<u>132,356</u>

## (2) Statements of Income

(Million yen)

	For the fiscal year ended February 20, 2022	For the fiscal year ended February 20, 2023
Net sales	253,233	229,087
Cost of sales	185,118	165,283
Gross profit	68,114	63,804
Operating revenue		
Real estate lease revenue	3,192	4,117
Other operating revenue	6,307	7,969
Total operating revenue	9,500	12,086
Operating gross profit	77,615	75,890
Selling, general and administrative expenses	72,549	73,066
Operating profit	5,065	2,824
Non-operating income		
Interest and dividend income	120	287
Gain on sale of recycled materials	66	69
Other	170	138
Total non-operating income	356	495
Non-operating expenses		
Interest expenses	70	75
Provision of allowance for doubtful accounts	36	2
Other	12	18
Total non-operating expenses	119	96
Ordinary profit	5,303	3,222
Extraordinary income		
Gain on sale of non-current assets	0	12
Gain on differences between the asset retirement obligation balance and the actual retirement costs	-	234
Subsidy income	8	-
Gain on extinguishment of tie-in shares	-	78
Total extraordinary income	8	325
Extraordinary losses		
Loss on sale of non-current assets	0	51
Loss on retirement of non-current assets	424	229
Provision of allowance for doubtful accounts for subsidiaries and associates	754	31
Impairment losses	847	1,806
Loss on cancellation of rental contracts	264	138
Loss on debt forgiveness to subsidiaries and affiliates	-	113
Other	106	26
Total extraordinary losses	2,398	2,398
Profit before income taxes	2,913	1,150
Income taxes - current	957	638
Income taxes - deferred	472	(519)
Total income taxes	1,429	119
Profit	1,484	1,031

## (3) Statements of Changes in Equity

Fiscal year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	14,117	14,027	990	15,017	1,314	1,131	0	40,800	6,426	49,674
Cumulative effects of changes in accounting policies										-
Restated balance	14,117	14,027	990	15,017	1,314	1,131	0	40,800	6,426	49,674
Changes during period										
Dividends of surplus									(1,139)	(1,139)
Profit									1,484	1,484
Purchase of treasury shares										
Disposal of treasury shares			(2)	(2)						
Reversal of reserve for tax purpose reduction entry						(34)			34	-
Reversal of reserve for special depreciation							(0)		0	-
Provision of general reserve								3,500	(3,500)	-
Net changes in items other than shareholders' equity										
Total changes during period	-	-	(2)	(2)	-	(34)	(0)	3,500	(3,120)	344
Balance at end of period	14,117	14,027	987	15,015	1,314	1,096	-	44,300	3,306	50,018

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,674)	77,134	45	45	51	77,231
Cumulative effects of changes in accounting policies		-				-
Restated balance	(1,674)	77,134	45	45	51	77,231
Changes during period						
Dividends of surplus		(1,139)				(1,139)
Profit		1,484				1,484
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	16	14				14
Reversal of reserve for tax purpose reduction entry		-				-
Reversal of reserve for special depreciation		-				-
Provision of general reserve		-				-
Net changes in items other than shareholders' equity			89	89	(6)	83
Total changes during period	16	358	89	89	(6)	441
Balance at end of period	(1,658)	77,492	134	134	45	77,672

Fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	14,117	14,027	987	15,015	1,314	1,096	-	44,300	3,306	50,018
Cumulative effects of changes in accounting policies									68	68
Restated balance	14,117	14,027	987	15,015	1,314	1,096	-	44,300	3,374	50,086
Changes during period										
Dividends of surplus									(1,140)	(1,140)
Profit									1,031	1,031
Purchase of treasury shares										
Disposal of treasury shares			(6)	(6)						
Reversal of reserve for tax purpose reduction entry						(57)			57	-
Reversal of reserve for special depreciation										
Provision of general reserve										
Net changes in items other than shareholders' equity										
Total changes during period	-	-	(6)	(6)	-	(57)	-	-	(51)	(109)
Balance at end of period	14,117	14,027	981	15,009	1,314	1,039	-	44,300	3,322	49,977

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,658)	77,492	134	134	45	77,672
Cumulative effects of changes in accounting policies		68				68
Restated balance	(1,658)	77,561	134	134	45	77,740
Changes during period						
Dividends of surplus		(1,140)				(1,140)
Profit		1,031				1,031
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	28	22				22
Reversal of reserve for tax purpose reduction entry		-				-
Reversal of reserve for special depreciation						
Provision of general reserve						
Net changes in items other than shareholders' equity			139	139	(6)	132
Total changes during period	28	(87)	139	139	(6)	45
Balance at end of period	(1,629)	77,474	274	274	38	77,786

(4) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.