

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

(April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	15,200	2.8	2,800	(16.8)	2,700	(20.6)	1,400	(26.9)	74.86

* Notes

(1) Any change in important subsidiaries during the year (any changes in specific subsidiaries accompanied by a change in the scope of consolidating): None

(2) Any changes in accounting policies and changes or restatement of accounting estimates

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than the above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of outstanding shares (common shares)

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

As of March 31, 2023 18,719,980 shares As of March 31, 2022 18,692,619 shares

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

As of March 31, 2023 14,394 shares As of March 31, 2022 12,561 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023 18,700,801 shares Fiscal year ended March 31, 2022 18,694,408 shares

(Note) The Company conducted a 1.3-for-1 stock split effective April 1, 2021 and a 1.2-for-1 stock split effective October 1, 2021. The number of shares has been calculated on the assumption that the said stock split was performed at the beginning of the fiscal year ended March 31, 2022.

* The summary of consolidated financial results is not subject to audits by certified public accountants or audit corporations.

* Statement regarding the proper use of financial forecasts and other special remarks

The forward-looking statements, including results forecasts, in this document are based on information available to the Company at the time of publication of this document. Actual results may differ from the forecasts due to a range of factors.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,457	9,683
Accounts receivable - trade	1,217	1,118
Merchandise	145	283
Prepaid expenses	342	355
Other	109	475
Allowance for doubtful accounts	-	(22)
Total current assets	11,272	11,894
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,422	7,437
Tools, furniture and fixtures	3,769	3,857
Accumulated depreciation	(4,167)	(5,072)
Land	0	0
Construction in progress	2	1
Total property, plant and equipment	7,028	6,226
Intangible assets		
Goodwill	92	98
Software	75	38
Other	5	4
Total intangible assets	173	141
Investments and other assets		
Investment securities	1	2
Long-term prepaid expenses	595	558
Leasehold and guarantee deposits	1,305	1,325
Deferred tax assets	687	701
Long-term loans receivable	251	248
Other	113	97
Total investments and other assets	2,955	2,933
Total non-current assets	10,157	9,300
Total assets	21,429	21,195

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	126	52
Current portion of long-term borrowings	1,635	1,569
Accounts payable - other	936	792
Corporate income tax payable	545	637
Contract liabilities	1,923	1,895
Provision for bonuses	145	208
Provision for bonuses for directors (and other officers)	26	16
Other	337	272
Total current liabilities	5,677	5,445
Non-current liabilities		
Long-term borrowings	4,808	3,239
Asset retirement obligations	1,045	1,091
Other	235	198
Total non-current liabilities	6,089	4,528
Total liabilities	11,766	9,974
Net assets		
Shareholders' equity		
Share capital	2,173	2,183
Capital surplus	2,112	2,123
Retained earnings	5,420	6,960
Treasury shares	(44)	(46)
Total shareholders' equity	9,662	11,220
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Total net assets	9,662	11,221
Total liabilities and net assets	21,429	21,195

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	13,097	14,787
Cost of sales	7,587	8,410
Gross profit	5,509	6,376
Selling, general and administrative expenses	2,564	3,012
Operating profit	2,945	3,364
Non-operating income		
Dividend income	0	0
Commission income	30	43
Insurance claim income	33	17
Penalty income	8	36
Other	2	2
Total non-operating income	75	99
Non-operating expenses		
Interest expenses	41	33
Foreign exchange losses	9	23
Share issuance costs	0	0
Commission expenses	24	3
Other	0	0
Total non-operating expenses	77	60
Ordinary profit	2,943	3,402
Extraordinary income		
Gain on sale of non-current assets	0	–
Gain on exemption from refund of guarantee deposits received	–	12
Total extraordinary income	0	12
Extraordinary losses		
Contract cancellation fees	1	–
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	14	18
Impairment losses	237	439
Total extraordinary losses	253	458
Profit before income taxes	2,690	2,955
Income taxes - current	927	1,039
Income taxes - deferred	60	2
Total income taxes	988	1,041
Profit	1,702	1,914
Profit attributable to owners of parent	1,702	1,914

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,702	1,914
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total other comprehensive income	0	0
Comprehensive income	1,702	1,914
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,702	1,914

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,160	2,099	3,869	–	8,128
Changes during period					
Issuance of new shares (issuance of restricted stock shares)	13	13			26
Dividends of surplus			(151)		(151)
Profit attributable to owners of parent			1,702		1,702
Purchase of treasury shares				(44)	(44)
Net changes in items other than shareholders' equity					
Total changes during period	13	13	1,551	(44)	1,533
Balance at end of period	2,173	2,112	5,420	(44)	9,662

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(0)	(0)	8,128
Changes during period			
Issuance of new shares (issuance of restricted stock shares)			26
Dividends of surplus			(151)
Profit attributable to owners of parent			1,702
Purchase of treasury shares			(44)
Net changes in items other than shareholders' equity	0	0	0
Total changes during period	0	0	1,533
Balance at end of period	0	0	9,662

Fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,173	2,112	5,420	(44)	9,662
Changes during period					
Issuance of new shares (issuance of restricted stock shares)	10	10			20
Dividends of surplus			(373)		(373)
Profit attributable to owners of parent			1,914		1,914
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during period	10	10	1,540	(2)	1,558
Balance at end of period	2,183	2,123	6,960	(46)	11,220

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	0	0	9,662
Changes during period			
Issuance of new shares (issuance of restricted stock shares)			20
Dividends of surplus			(373)
Profit attributable to owners of parent			1,914
Purchase of treasury shares			(2)
Net changes in items other than shareholders' equity	0	0	0
Total changes during period	0	0	1,558
Balance at end of period	0	0	11,221

(4) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,690	2,955
Depreciation	1,041	991
Impairment losses	237	439
Amortization of goodwill	24	25
Share-based payment expenses	19	21
Gain on exemption from refund of guarantee deposits received	–	(12)
Increase (decrease) in allowance for doubtful accounts	–	22
Increase (decrease) in provision for bonuses	12	62
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	(10)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(201)	–
Interest and dividend income	(1)	(1)
Insurance claim income	(25)	(7)
Interest expenses	41	33
Loss (gain) on sale of non-current assets	0	–
Loss (gain) on retirement of non-current assets	14	18
Contract cancellation fees	1	–
Decrease (increase) in trade receivables	(58)	99
Decrease (increase) in inventories	20	(137)
Increase (decrease) in trade payables	(46)	(73)
Decrease (increase) in prepaid expenses	(18)	(10)
Decrease (increase) in long-term prepaid expenses	12	36
Increase (decrease) in contract liabilities	(1)	(27)
Increase (decrease) in accounts payable - other	195	2
Increase (decrease) in long-term accounts payable - other	175	(27)
Decrease (increase) in other current assets	60	(366)
Increase (decrease) in other current liabilities	6	(73)
Decrease (increase) in other non-current assets	0	0
Subtotal	4,200	3,963
Interest and dividends received	0	0
Interest paid	(41)	(34)
Income taxes paid	(962)	(946)
Income taxes refund	150	–
Net cash provided by (used in) operating activities	3,346	2,982

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,369)	(675)
Purchase of intangible assets	(5)	(0)
Proceeds from (payments for) sale and retirement of non-current assets	(7)	(15)
Payments for asset retirement obligations	(31)	–
Purchase of investment securities	(0)	(0)
Payments of leasehold and guarantee deposits	(121)	(34)
Proceeds from refund of leasehold and guarantee deposits	31	18
Proceeds from cancellation of insurance funds	60	23
Payments for acquisition of businesses	–	(66)
Other	(22)	7
Net cash provided by (used in) investing activities	(1,467)	(743)
Cash flows from financing activities		
Proceeds from long-term borrowings	6,634	–
Repayments of long-term borrowings	(8,194)	(1,635)
Dividends paid	(150)	(373)
Purchase of treasury shares	(44)	(2)
Net cash provided by (used in) financing activities	(1,755)	(2,012)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	123	226
Cash and cash equivalents at beginning of period	9,333	9,457
Cash and cash equivalents at end of period	9,457	9,683