

* This is an English translation for reference purpose only, and the original disclosure document was filed on May 12, 2023 at 15:00 (GMT+9)

Summary of Financial Statements for the Fiscal Year Ended March 31, 2023 (Japan GAAP)

May 12, 2023

GEO HOLDINGS CORPORATION

Securities Code: 2681

Representative: Yuzo Endo, President

Contact: Yoshiaki Kajita, General Manager, Accounting and Finance Dept. Telephone: +81 52 350 5711

Scheduled date of the Annual General Shareholders Meeting: June 29, 2023

Scheduled date to submit annual securities report: June 30, 2023 Scheduled date to start dividend payment: June 30, 2023

Supplementary material on financial results: Yes

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

Listed Exchange: Tokyo

URL: <https://www.geonet.co.jp/>

(Amounts less than million yen are discarded.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(The percentages indicate the rates of increase or decrease from the same period of 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, 2023	377,300	12.7	10,620	29.9	11,926	23.4	5,681	(5.1)
March 31, 2022	334,788	2.0	8,173	89.6	9,662	101.5	5,985	–

(Note) Comprehensive income: 5,669 million yen (-1.3 %) for fiscal year ended March 31, 2023
5,746 million yen (–%) for fiscal year ended March 31, 2022

	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, 2023	135.93	135.35	7.4	6.3	2.8
March 31, 2022	141.15	140.92	8.0	5.6	2.4

(Reference) Equity in net income of affiliates: 5 million yen for fiscal year ended March 31, 2023
5 million yen for fiscal year ended March 31, 2022

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Book value per share
As of:	Millions of yen	Millions of yen	%	Yen
March 31, 2023	201,804	77,212	38.1	1,946.46
March 31, 2022	174,375	77,193	44.1	1,811.83

(Reference) Shareholders' equity: As of March 31, 2023: 76,895 million yen
As of March 31, 2022: 76,832 million yen

(3) Consolidated statement of cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows 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
March 31, 2023	4,283	(9,589)	3,938	46,564
March 31, 2022	(5,731)	(6,694)	5,595	47,851

2. Dividends

	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, 2022	–	12.00	–	12.00	24.00	1,017	17.0	1.4
Fiscal Year ended March 31, 2023	–	12.00	–	12.00	24.00	982	17.7	1.3
Fiscal Year ending March 31, 2024 (Forecast)	–	12.00	–	12.00	24.00		13.5	

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(The percentages indicate the rates of increase or decrease from the same period of 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	400,000	6.0	13,000	22.4	13,500	13.2	7,000	23.2	177.19

Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2023 (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 14 of the Attachments for details.

(3) Number of shares outstanding (common stock)

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

As of March 31, 2023 39,505,152 shares

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

2) Number of treasury shares:

As of March 31, 2023 – shares

As of March 31, 2022 – shares

3) Average number of outstanding shares:

During the fiscal year ended March 31, 2023 41,794,267 shares

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

(Reference) Unconsolidated Results for the Fiscal Year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Unconsolidated operating results

(The percentages indicate the rates 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, 2023	13,448	14.8	1,878	(6.8)	(1,253)	—	(1,892)	—
March 31, 2022	11,715	5.2	2,014	75.7	2,515	—	2,165	(57.1)

Fiscal Year ended:	Earnings per share	Fully diluted earnings per share
	Yen	Yen
March 31, 2023	(45.29)	—
March 31, 2022	51.07	50.99

(2) Unconsolidated operating results

As of:	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	yen
March 31, 2023	107,178	19,674	18.1	489.99
March 31, 2022	98,054	27,204	27.4	633.01

(Reference) Shareholders' equity: As of March 31, 2023: 19,357 million yen
As of March 31, 2022: 26,843 million yen

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

The Company incurred an ordinary loss due to the posting of a provision for allowance for doubtful accounts in relation to transactions with subsidiaries. As a result, ordinary profit and profit attributable to owners of parent decreased year on year.

* This summary is not subject to the quarterly review procedures by certified public accountants or audit firms.

* Explanation of 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. We do not guarantee that we will achieve those financial forecasts. Actual results may differ materially 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.

Table of Contents for the Attachments

1. Overview of Results of Operations, etc.	2
(1) Overview of operating results	2
(2) Overview of consolidated financial position	4
(3) Cash flows	4
(4) Basic policy in distributing profits and dividends for the current and next fiscal year	5
2. The GEO Group Companies	6
3. Basic Idea in Selection of the Accounting Standards	6
4. Consolidated Financial Statements	7
(1) Consolidated balance sheet	7
(2) Consolidated income statement and statement of comprehensive income.....	9
Consolidated income statement.....	9
Statement of comprehensive income	10
(3) Consolidated statements of change in net assets	11
(4) Consolidated statements of cash flows.....	13
(5) Notes to consolidated financial statements	14
(Notes on going concern assumptions)	14
(Changes in accounting principles)	14
(Segment information)	14
(Per share information (in yen)).....	15
(Subsequent events after the current period).....	16

1. Overview of Results of Operations, etc.

(1) Overview of operating results

(i) Results for the current fiscal year

During the fiscal year under review, the Japanese economy saw a recovery in consumer spending, reflecting progress in the movement toward the normalization of economic activities in sync with lifestyle changes and a rise in the number of vaccinated people amid the weakening impact of COVID-19. However, the outlook still remained uncertain, reflecting rises in resource prices due to the protracted situation in Ukraine and fluctuations in foreign exchange rates attributable to the sharp depreciation of the yen, as well as concern about a global shift in the economic phase from inflation to recession.

In this environment, the Group provided products and services in full consideration of the safety of customers and employees, continuing to require employees to wear masks and disinfect with alcohol, while ventilating stores frequently to help prevent a resurgence in infections. Thus, the Group has continued to pursue various challenges, aiming to “offer joy to your everyday life.”

Looking at trends in sales by category, in reuse (comprehensive) merchandise, the situation remained challenging at OKURA TOKYO, a shop that handles reuse luxury merchandise, due to the impact of a decline in market prices of luxury watches. Even so, demand for reuse merchandise grew with respect to reuse clothing and accessories as consumers sought to maintain their living standards in the face of higher prices, while at 2nd Street, sales remained strong partly due to changes in the way of thinking that made consumers less reluctant to buy reuse products. Consequently, sales of overall reuse (comprehensive) merchandise increased.

In reuse (media) merchandise, sales of reuse game software decreased, reflecting the popularization of download versions in the purchase of old game software. Even so, sales of reuse game devices increased thanks to the availability of many titles of game software. In reuse mobile devices such as smartphones and tablets, money-saving orientation due to soaring prices of new equipment had a positive impact on sales of reuse mobile devices, in addition to a revitalization of the market due to a ban in principle on the sale of SIM-locked handsets, and sales of overall reuse (media) merchandise increased.

In new game-related merchandise, sales increased, helped by the improved supply of the home video game console PlayStation 5 and the increased availability of top-selling titles.

In rental merchandise, sales declined within the expected range due to the spread of video streaming services and the contraction of the rental market.

Meanwhile, 2nd STREET USA posted 11,193 million yen as the right-of-use asset and lease liabilities in compliance with U.S. accounting standards. In addition, an impairment loss of 1,250 million yen was posted for domestic stores that had been recording operating losses continuously.

As a result, sales for the current fiscal year resulted in 377,300 million yen (up 12.7% year on year), with operating profit of 10,620 million yen (up 29.9%) and ordinary profit of 11,926 million yen (up 23.4%). Profit attributable to owners of parent came to 5,681 million yen (down 5.1%).

The results for major merchandise are as follows.

		Fiscal Year ended March 31, 2023 (Millions of yen)	Change
Reuse goods	Comprehensive	130,839	117.2%
	Media	68,801	121.2%
Brand new		119,467	114.1%
Others		58,192	94.4%
Rental included in Others		36,917	85.9%

The group's stores and facilities as at the end of the current fiscal year are as follows.
The figures in () for "Total" show 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	1,843	112	34	180	1	14	2,023	(+65)
GEO	964	9	17	125	0	14	1,089	(-22)
2nd STREET (Japan)	748	49	11	55	1	0	803	(+39)
2nd STREET (USA)	23	13	0	0	0	0	23	(+13)
2nd STREET (Taiwan)	18	10	0	0	0	0	18	(+10)
2nd STREET (Malaysia)	11	3	0	0	0	0	11	(+3)
OKURA TOKYO	23	4	0	0	0	0	23	(+4)
LuckRack	21	6	4	0	0	0	21	(+2)
Others	35	18	2	0	0	0	35	(+16)

Notes:

1. The number of stores is counted based on each store name.
2. GEO includes stores that sell and purchase 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 sell and purchase clothing, home appliances and other items where they operate under the names of 2nd STREET, Super 2nd STREET, 2nd OUTDOOR, JUMBLE STORE, etc.
4. Values for 2nd STREET (overseas), which had been indicated until the previous fiscal year, are now indicated on a country-by-country basis.
5. Values for WAREHOUSE, which had been indicated until the previous fiscal year, are now included in "Others."
6. "Others" include stores that Rock Co., Ltd., a company that became a consolidated subsidiary in the fiscal year under review, operates for the purchase and sale of farm equipment, antiques, etc.

(ii) Future forecast

Looking at the business environment surrounding the Group, the reuse market is expected to continue growing going forward as people become more inclined to create a recycling-oriented society against the backdrop of the spread of flea market apps and internet-based auctions, growing interest in environmental issues, and other factors.

For the fiscal year ending March 31, 2024, the situation is still expected to remain uncertain, reflecting rises in resource prices due to the protracted situation in Ukraine and concern about a global shift in the economic phase from inflation to recession, although consumer spending is expected to recover amid progress in the movement toward the normalization of economic activities in sync with the weakening of COVID-19.

The Group expects that sales of reuse (comprehensive) merchandise will climb at reuse shops, which operate mainly under the 2nd Street business model, reflecting growth in demand for reuse merchandise as consumers seek to maintain their living standards in the face of higher prices, coupled with changing attitudes that make them less reluctant to buy reuse products. Therefore, it seeks to develop areas for store openings with a view toward the establishment of a 1,000 shop-based operation system.

In game software, the mainstay reuse merchandise handled by GEO, steady progress is expected to be made in download-based selling which does not require the involvement of retail shops as intermediaries. Against this background, sales of reuse (media) merchandise are expected to increase, with demand for reuse smartphones and tablets further growing and prices of new products continuing to rise.

In new game-related merchandise, game consoles will be further popularized due to the improved supply of the home video game console PlayStation 5, which is expected to boost sales of compatible software through synergy effects. The Group will therefore strengthen new game-related merchandise including gaming peripherals, audio and visual equipment accessories, and smartphone accessories.

In rental merchandise, net sales will continue to trend downward, reflecting the contraction of the rental market due in part to the growth of video streaming services. Even so, with the degree of dependency on the rental business declining, the Group expects that the decrease in sales will be insignificant.

In addition, efforts will be made to accelerate GEO's business transformation in response to the market contraction and to facilitate shop openings overseas with a view to establishing global operations. In addition, while seeking to enhance the recognition of the growing digital content business, the Group will move forward with the establishment of the foundations for growth on a long-term basis.

From the above, as forecast for consolidated results for fiscal year ending March 31, 2024, we project net sales of 400,000 million yen (6.0% increase from the previous fiscal year), operating profit of 13,000 million yen (22.4% increase from the previous fiscal year), ordinary profit of 13,500 million yen (13.2% increase from the previous fiscal year), and

profit attributable to owners of parent of 7,000 million yen (23.2% increase 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 131,311 million yen, which increased 13,341 million yen from 117,970 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 12,803 million yen in merchandise and 1,749 million yen in accounts receivable - trade, which more than offset a decrease of 1,317 million yen in cash and deposits.

(ii) Non-current assets

Non-current assets as of the end of the current fiscal year was 70,492 million yen, which increased 14,087 million yen from 56,405 million yen as of the end of the previous fiscal year. This mainly reflected an increase of 11,990 million yen in right-of-use assets, net.

(iii) Current liabilities

Current liabilities as of the end of the current fiscal year was 49,225 million yen, which increased 13,168 million yen from 36,057 million yen as of the end of the previous fiscal year. This was largely due to increases of 6,000 million yen in short-term borrowings, 1,911 million yen in accounts payable - trade, 1,593 million yen in current portion of long-term borrowings, and 1,220 million yen in income taxes payable.

(iv) Non-current liabilities

Non-current liabilities as of the end of the current fiscal year was 75,366 million yen, which increased 14,242 million yen from 61,124 million yen as of the end of the previous fiscal year. This was mainly attributable to increases of 11,136 million yen in lease liabilities and 2,412 million yen in long-term borrowings.

(v) Net assets

Net assets as of the end of the current fiscal year was 77,212 million yen, which increased 18 million yen from 77,193 million yen as of the end of the previous fiscal year. This primarily reflected an increase in retained earnings due to the posting of profit attributable to owners of parent of 5,681 million yen, offsetting a decrease in retained earnings due to dividends of surplus of 1,017 million yen and purchase of treasury shares of 4,800 million yen.

(3) Cash flows

Cash and cash equivalents ("cash") at the end of the current fiscal year decreased by 1,286 million yen from the end of the previous fiscal year and resulted in 46,564 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 increased by 4,283 million yen (where this decreased by 5,731 million yen in the previous fiscal year).

This increase was chiefly attributable to profit before income taxes of 10,675 million yen, depreciation of 4,849 million yen, and rental asset depreciation and amortization of 3,305 million yen, which offset an increase in inventories of 12,649 million yen and purchases of rental assets of 3,296 million yen.

(Cash flows from investing activities)

As a result of investing activities, cash decreased by 9,589 million yen (where this decreased by 6,694 million yen in the previous fiscal year).

This decrease is mainly due to purchase of property, plant and equipment of 6,487 million yen.

(Cash flows from financing activities)

As a result of financing activities, cash increased by 3,938 million yen (where this increased by 5,595 million yen in the previous fiscal year).

This was mainly attributable to a net increase of 5,999 million yen in short-term borrowings and proceeds from long-term borrowings of 9,900 million yen, which more than offset repayments of long-term borrowings of 5,893 million yen.

(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)				
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Interim	17	17	17	12	12
Year-end	17	17	17	12	12
Total	34	34	34	24	24

In conjunction with dividends for the fiscal year ending March 31, 2024, the outlook remained uncertain, reflecting increases in resource prices due to the protracted situation in Ukraine and rising personnel expenses attributable to wage increases, among other factors. In addition, taking into account the enhancement of internal reserves necessary to increase financial strength and facilitate proactive business initiatives, the Group plans to pay an interim dividend of 12 yen per share and year-end of dividend of 12 yen per share, namely an annual dividend of 24 yen per share.

2. The GEO Group Companies

The GEO group is comprised of GEO HOLDINGS CORPORATION, 29 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, 2023)

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 six 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 two 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	45,604	44,286
Accounts receivable - trade	9,962	11,712
Merchandise	51,438	64,241
Other	11,014	11,294
Allowance for doubtful accounts	(50)	(223)
Total current assets	117,970	131,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,646	14,955
Land	5,044	5,043
Right-of-use assets, net	163	12,153
Other, net	8,266	8,694
Total property, plant and equipment	27,121	40,847
Intangible assets	2,821	3,264
Investments and other assets		
Leasehold and guarantee deposits	17,366	18,033
Deferred tax assets	5,604	4,794
Other	4,404	4,304
Allowance for doubtful accounts	(914)	(751)
Total investments and other assets	26,461	26,380
Total non-current assets	56,405	70,492
Total assets	174,375	201,804

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	14,123	16,034
Short-term borrowings	–	6,000
Current portion of long-term borrowings	5,893	7,487
Income taxes payable	1,559	2,780
Provision for bonuses	2,388	1,998
Other	12,092	14,924
Total current liabilities	36,057	49,225
Non-current liabilities		
Long-term borrowings	52,050	54,462
Lease liabilities	1,124	12,261
Deferred tax liabilities	74	134
Asset retirement obligations	6,871	7,054
Other	1,004	1,454
Total non-current liabilities	61,124	75,366
Total liabilities	97,181	124,592
Net assets		
Shareholders' equity		
Share capital	8,975	9,081
Capital surplus	3,388	3,493
Retained earnings	64,523	64,386
Total shareholders' equity	76,887	76,962
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10)	2
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	(44)	(69)
Total accumulated other comprehensive income	(55)	(66)
Share acquisition rights	361	316
Total net assets	77,193	77,212
Total liabilities and net assets	174,375	201,804

(2) Consolidated income statement and statement of comprehensive income
 Consolidated income statement

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	334,788	377,300
Cost of sales	203,990	234,817
Gross profit	130,798	142,483
Selling, general and administrative expenses	122,624	131,862
Operating profit	8,173	10,620
Non-operating income		
Interest and dividend income	56	61
Foreign exchange gains	423	678
Rental income from real estate	680	786
Other	1,289	754
Total non-operating income	2,450	2,282
Non-operating expenses		
Interest expenses	214	239
Rental expenses on real estate	335	447
Other	410	289
Total non-operating expenses	961	976
Ordinary profit	9,662	11,926
Extraordinary income		
Gain on sale of investment securities	250	–
Total extraordinary income	250	–
Extraordinary losses		
Impairment losses	1,797	1,250
Other	14	–
Total extraordinary losses	1,812	1,250
Profit before income taxes	8,101	10,675
Income taxes - current	2,645	4,130
Income taxes - deferred	(529)	863
Total income taxes	2,115	4,994
Profit	5,985	5,681
Profit attributable to owners of parent	5,985	5,681

Statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,985	5,681
Other comprehensive income		
Valuation difference on available-for-sale securities	(210)	13
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(30)	(24)
Total other comprehensive income	(239)	(11)
Comprehensive income	5,746	5,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,746	5,669

(3) Consolidated statements of change in net assets
(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
Cumulative effects of changes in accounting policies			(256)		(256)
Restated balance	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
Purchase of treasury shares					—
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
Cumulative effects of changes in accounting policies						(256)
Restated balance	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
Purchase of treasury shares						—
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

(For the fiscal year ended March 31, 2023)

(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	64,523	—	76,887
Cumulative effects of changes in accounting policies					—
Restated balance	8,975	3,388	64,523	—	76,887
Changes during period					
Issuance of new shares - exercise of share acquisition rights	105	105			211
Dividends of surplus			(1,017)		(1,017)
Profit (loss) attributable to owners of parent			5,681		5,681
Purchase of treasury shares				(4,800)	(4,800)
Cancellation of treasury shares			(4,800)	4,800	—
Net changes in items other than shareholders' equity					
Total changes during period	105	105	(136)	—	74
Balance at end of period	9,081	3,493	64,386	—	76,962

	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	(10)	(0)	(44)	(55)	361	77,193
Cumulative effects of changes in accounting policies				—		—
Restated balance	(10)	(0)	(44)	(55)	361	77,193
Changes during period						
Issuance of new shares - exercise of share acquisition rights						211
Dividends of surplus						(1,017)
Profit (loss) attributable to owners of parent						5,681
Purchase of treasury shares						(4,800)
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	13	0	(24)	(11)	(44)	(55)
Total changes during period	13	0	(24)	(11)	(44)	18
Balance at end of period	2	—	(69)	(66)	316	77,212

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,101	10,675
Depreciation	4,870	4,849
Rental assets depreciation	3,920	3,305
Impairment losses	1,797	1,250
Amortization of goodwill	56	77
Interest and dividend income	(56)	(61)
Interest expenses	214	239
Loss (gain) on sale of investment securities	(250)	–
Decrease (increase) in trade receivables	968	(1,701)
Decrease (increase) in inventories	(8,990)	(12,649)
Purchase of Rental assets	(3,613)	(3,296)
Increase (decrease) in trade payables	(1,276)	2,091
Increase (decrease) in accrued consumption taxes	(5,028)	(131)
Increase (decrease) in accounts payable - other, and accrued expenses	33	1,605
Other, net	(836)	149
Subtotal	(88)	6,405
Interest and dividends received	41	48
Interest paid	(214)	(238)
Income taxes paid	(5,469)	(1,932)
Net cash provided by (used in) operating activities	(5,731)	4,283
Cash flows from investing activities		
Payments into time deposits	–	(1,036)
Purchase of property, plant and equipment	(5,002)	(6,487)
Purchase of intangible assets	(1,520)	(1,180)
Other, net	(171)	(884)
Net cash provided by (used in) investing activities	(6,694)	(9,589)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	5,999
Proceeds from long-term borrowings	12,000	9,900
Repayments of long-term borrowings	(5,012)	(5,893)
Dividends paid	(1,227)	(1,017)
Purchase of treasury shares	–	(4,800)
Other, net	(164)	(249)
Net cash provided by (used in) financing activities	5,595	3,938
Effect of exchange rate change on cash and cash equivalents	105	80
Net increase (decrease) in cash and cash equivalents	(6,725)	(1,286)
Cash and cash equivalents at beginning of period	54,576	47,851
Cash and cash equivalents at end of period	47,851	46,564

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

None

(Changes in accounting principles)

(Application of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 842, Leases) Foreign subsidiaries which apply US GAAP began applying ASC 842, Leases from the fiscal year under review. As a result, all lease transactions are, in principle, recorded as assets and liabilities on the balance sheet.

In adopting these accounting standards, the method of recognizing the cumulative impact of their adoption as of the timing of the adoption is used as an approved interim measure.

Consequently, in the consolidated balance sheet for the fiscal year under review, “the use-of-right assets (net)” in “Property, plant and equipment” increased 11,193 million yen, “Other” in “Current liabilities” increased 471 million yen, and “Lease liabilities” in “Non-current liabilities” increased 10,722 million yen.

There is no impact on the consolidated statement of income for the fiscal year under review.

(Segment information)

[Segment information]

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the current fiscal year (from April 1, 2022 to March 31, 2023):

Segment information is omitted because the Group has only one segment, retail services.

[Related information]

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the current fiscal year (from April 1, 2022 to March 31, 2023):

1. Information based on products and services:

Segment information is omitted because the Group has only one segment, 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, 2021 to March 31, 2022) and the current fiscal year (from April 1, 2022 to March 31, 2023):

Segment information is omitted because the Group has only one segment, retail services.

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

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the current fiscal year (from April 1, 2022 to March 31, 2023):

Segment information is omitted because the Group has only one segment, retail services.

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

For the previous fiscal year (from April 1, 2021 to March 31, 2022) and the current fiscal year (from April 1, 2022 to March 31, 2023):

Segment information is omitted because the Group has only one segment, retail services.

(Per share information (in yen))

	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Shareholders' equity per share	1,811.83	1,946.46
Earnings per share	141.15	135.93
Fully diluted earnings per share	140.92	135.35

(Notes) 1. The basis for calculating the shareholders' equity per share is as follows.

	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Total net assets	77,193	77,212
Amount to be deducted from total net assets	361	316
(Stock acquisition rights in the above)	(361)	(316)
Net assets at the end of the fiscal year attributable to common shares	76,832	76,895
Number of common shares at the end of the fiscal year used for calculating the shareholders' equity per share	42,405,952	39,505,152

2. The basis for calculating the earnings per share and fully diluted earnings per share is as follows. (Millions of yen except share information)

	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Earnings per share		
Profit attributable to owners of parent	5,985	5,681
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent for common shares	5,985	5,681
Average number of shares outstanding during the fiscal year	42,405,952	41,794,267
Fully diluted earnings per share		
Adjustments to profit attributable to owners of parent	-	-
Increase in the number of common shares	69,943	180,699
(Subscription rights to shares included in the above as number of shares)	(69,943)	(180,699)
Description of potential shares that were not included in calculating the fully diluted earnings per share due to them having no dilutive effect	Number of shares subject to the Company's stock options: 1,353,500 shares (for the 11th (2016), 12th (2017), 13th (2018) and 14th (2019) stock acquisition rights)	Number of shares subject to the Company's stock options: 65,000 shares (13th (2018) stock acquisition rights)

(Subsequent events after the current period)
(Reduction of legal capital surplus)

At a meeting of the Board of Directors held on May 12, 2023, the Company decided to submit a proposal on the reduction of its legal capital surplus and transfer of the amount to be reduced to other capital surplus at the 35th Ordinary General Meeting of Shareholders to be held on June 29 2023.

1. Purpose of the reduction and transfer

Pursuant to the provisions of Paragraph 1 of Article 448 in the Companies Act, the Company will reduce its legal capital surplus and transfer the amount to be reduced to other capital surplus, thereby ensuring a dynamic and flexible capital policy going forward.

2. Main points in the reduction and transfer

The legal capital surplus, which stands at 2,689,432,447 yen, will be reduced entirely and the full amount of reduction will be transferred to other capital surplus.

3. Scheduled for a reduction in legal capital surplus

(1) Date of board resolution:	May 12, 2023
(2) Date of resolution at the General Meeting of Shareholders:	June 29, 2023 (plan)
(3) Date of public notice for the statement of creditors' objections:	July 28, 2023 (plan)
(4) Deadline for creditors' objections:	August 28, 2023 (plan)
(5) Effective date:	August 31, 2023 (plan)

4. Outlook

The matter is a transfer of money between different account titles in the net assets section and results in no change in the amount of net assets. Consequently, there is no impact on financial results.