

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: XEBIO HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 8281 URL <http://www.xebio.co.jp>
 Representative: President & CEO Tomoyoshi Morohashi
 Inquiries: CFO Kazuhiko Nakamura TEL 03-6870-6008
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 13, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	239,293	7.2	8,062	61.3	9,270	18.1	5,464	42.5
Year ended March 31, 2022	223,282	10.3	4,999	80.7	7,851	80.8	3,836	830.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	123.60	123.09	4.6	4.4	3.4
Year ended March 31, 2022	86.77	86.44	3.3	3.8	2.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	211,152	122,502	57.7	2,757.80
As of March 31, 2022	208,308	118,708	56.8	2,674.23

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	7,088	(5,403)	(7,911)	32,890
Year ended March 31, 2022	2,235	(5,164)	(2,119)	39,893

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	15.00	—	15.00	30.00	1,326	33.7	1.1
Year ended March 31, 2023	—	15.00	—	15.00	30.00	1,326	24.3	1.1
Year ending March 31, 2024 (Forecast)	—	15.00	—	15.00	30.00		23.5	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	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
Six months ending September 30, 2023	126,356	7.1	4,139	2.4	4,480	(10.6)	2,854	(9.3)	64.55
Full year	259,891	8.6	8,815	9.3	9,535	2.9	5,643	3.3	127.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	47,911,023 shares	As of March 31, 2022	47,911,023 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	3,700,307 shares	As of March 31, 2022	3,699,987 shares
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Average number of shares during the period

Year ended March 31, 2023	44,210,876 shares	Year ended March 31, 2022	44,211,193 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	39,893	32,890
Notes and accounts receivable - trade	22,477	22,982
Operating loans	967	878
Merchandise	75,921	80,714
Income taxes refund receivable	1	170
Other	8,043	8,617
Allowance for doubtful accounts	(292)	(438)
Total current assets	147,012	145,814
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,403	52,408
Accumulated depreciation	(36,192)	(38,554)
Buildings and structures, net	14,211	13,854
Land	13,910	13,984
Leased assets	2,780	6,091
Accumulated depreciation	(1,424)	(1,853)
Leased assets, net	1,356	4,238
Construction in progress	75	291
Other	21,304	22,498
Accumulated depreciation	(18,965)	(19,477)
Other, net	2,339	3,020
Total property, plant and equipment	31,891	35,387
Intangible assets		
Goodwill	716	339
Software	1,854	3,831
Other	2,924	2,621
Total intangible assets	5,495	6,793
Investments and other assets		
Investment securities	727	814
Long-term loans receivable	24	12
Deferred tax assets	4,852	4,548
Guarantee deposits	1,851	1,465
Leasehold deposits	14,142	14,013
Investment property	3,126	2,768
Accumulated depreciation	(1,276)	(936)
Investment property, net	1,849	1,831
Retirement benefit asset	139	7
Other	582	635
Allowance for doubtful accounts	(260)	(168)
Total investments and other assets	23,908	23,157
Total non-current assets	61,295	65,337
Total assets	208,308	211,152

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,388	23,429
Electronically recorded obligations - operating	28,099	29,032
Short-term borrowings	770	800
Current portion of long-term borrowings	5,953	1,840
Income taxes payable	1,808	1,521
Provision for bonuses	1,470	1,299
Provision for bonuses for directors (and other officers)	15	15
Provision for point card certificates	91	78
Other	14,087	14,062
Total current liabilities	74,684	72,078
Non-current liabilities		
Long-term borrowings	6,459	4,772
Lease liabilities	2,001	5,222
Retirement benefit liability	905	898
Provision for retirement benefits for directors (and other officers)	59	59
Asset retirement obligations	4,640	4,750
Other	849	870
Total non-current liabilities	14,915	16,571
Total liabilities	89,599	88,650
Net assets		
Shareholders' equity		
Share capital	15,935	15,935
Capital surplus	16,119	16,119
Retained earnings	92,427	96,566
Treasury shares	(6,498)	(6,498)
Total shareholders' equity	117,984	122,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47	185
Foreign currency translation adjustment	638	55
Remeasurements of defined benefit plans	(439)	(439)
Total accumulated other comprehensive income	245	(198)
Share acquisition rights	435	341
Non-controlling interests	42	237
Total net assets	118,708	122,502
Total liabilities and net assets	208,308	211,152

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	223,282	239,293
Cost of sales	136,228	147,529
Gross profit	87,053	91,764
Selling, general and administrative expenses	82,054	83,701
Operating profit	4,999	8,062
Non-operating income		
Interest income	49	64
Dividend income	10	11
Rental income from real estate	634	717
Foreign exchange gains	559	323
Outsourcing service income	299	321
Subsidy income	1,663	94
Other	677	588
Total non-operating income	3,893	2,121
Non-operating expenses		
Interest expenses	120	52
Provision of allowance for doubtful accounts	—	4
Rental expenses on real estate	478	399
Commission expenses	272	343
Other	171	114
Total non-operating expenses	1,041	913
Ordinary profit	7,851	9,270
Extraordinary income		
Gain on sale of non-current assets	4	5
Insurance claim income	111	173
Settlement income	—	72
Compensation for forced relocation	—	143
Gain on reversal of share acquisition rights	28	135
Gain on sale of shares of subsidiaries and associates	149	—
Total extraordinary income	293	529
Extraordinary losses		
Loss on retirement of non-current assets	290	19
Loss on sale of non-current assets	17	0
Impairment losses	1,293	638
Loss on disaster	39	113
Loss on store closings	1	83
Loss on valuation of investment securities	149	—
Loss on sale of shares of subsidiaries and associates	19	—
Loss on cancellation of rental contracts	120	—
Total extraordinary losses	1,930	854
Profit before income taxes	6,214	8,945
Income taxes - current	2,950	3,019
Income taxes - deferred	(588)	248
Total income taxes	2,361	3,267
Profit	3,853	5,677
Profit attributable to non-controlling interests	17	212
Profit attributable to owners of parent	3,836	5,464

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,853	5,677
Other comprehensive income		
Valuation difference on available-for-sale securities	21	138
Foreign currency translation adjustment	157	(582)
Remeasurements of defined benefit plans, net of tax	43	(0)
Total other comprehensive income	222	(443)
Comprehensive income	4,075	5,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,070	5,020
Comprehensive income attributable to non-controlling interests	5	212

Consolidated statements of changes in equity

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	15,935	16,119	90,312	(6,498)	115,869
Cumulative effects of changes in accounting policies			(394)		(394)
Restated balance	15,935	16,119	89,917	(6,498)	115,475
Changes during period					
Dividends of surplus			(1,326)		(1,326)
Profit attributable to owners of parent			3,836		3,836
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	2,509	(0)	2,509
Balance at end of period	15,935	16,119	92,427	(6,498)	117,984

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	25	481	(483)	23	422	37	116,353
Cumulative effects of changes in accounting policies							(394)
Restated balance	25	481	(483)	23	422	37	115,958
Changes during period							
Dividends of surplus							(1,326)
Profit attributable to owners of parent							3,836
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	21	157	43	222	12	5	240
Total changes during period	21	157	43	222	12	5	2,749
Balance at end of period	47	638	(439)	245	435	42	118,708

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	15,935	16,119	92,427	(6,498)	117,984
Changes during period					
Dividends of surplus			(1,326)		(1,326)
Profit attributable to owners of parent			5,464		5,464
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period			4,138	(0)	4,138
Balance at end of period	15,935	16,119	96,566	(6,498)	122,123

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	47	638	(439)	245	435	42	118,708
Changes during period							
Dividends of surplus							(1,326)
Profit attributable to owners of parent							5,464
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	138	(582)	0	(444)	(94)	195	(343)
Total changes during period	138	(582)	0	(444)	(94)	195	3,794
Balance at end of period	185	55	(439)	(198)	341	237	122,502

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	6,214	8,945
Depreciation	3,803	4,254
Impairment losses	1,293	638
Amortization of goodwill	444	436
Increase (decrease) in allowance for doubtful accounts	(124)	53
Increase (decrease) in provision for bonuses	446	(170)
Increase (decrease) in provision for point card certificates	(938)	(12)
Increase (decrease) in Contract liabilities	873	(160)
Increase (decrease) in retirement benefit liability	(24)	(8)
Decrease (increase) in retirement benefit asset	66	131
Interest and dividend income	(59)	(76)
Interest expenses	120	52
Insurance claim income	(111)	(173)
Subsidy income	(1,663)	(83)
Gain on sale of non-current assets	(4)	(5)
Gain on reversal of share acquisition rights	(28)	(136)
Loss (gain) on sale of shares of subsidiaries and associates	(130)	—
Loss on retirement of non-current assets	290	19
Loss (gain) on valuation of investment securities	149	—
Loss on sale of non-current assets	17	0
Loss on disaster	39	113
Loss on cancellation of rental contracts	120	—
Loss on store closings	1	83
Decrease (increase) in trade receivables	(1,209)	(341)
Decrease (increase) in operating loans receivable	185	89
Decrease (increase) in inventories	(6,162)	(4,556)
Increase (decrease) in trade payables	584	1,869
Increase (decrease) in accrued consumption taxes	(2,993)	750
Other, net	587	(1,657)
Subtotal	1,786	10,054
Interest and dividends received	59	76
Interest paid	(117)	(52)
Income taxes paid	(2,339)	(3,584)
Income taxes refund	1,066	108
Proceeds from insurance income	115	173
Subsidies received	1,663	83
Other, net	—	227
Net cash provided by (used in) operating activities	2,235	7,088

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,521)	(3,888)
Proceeds from sale of property, plant and equipment	26	27
Payments for retirement of property, plant and equipment	(230)	–
Purchase of intangible assets	(1,265)	(1,708)
Purchase of investment property	(8)	0
Purchase of investment securities	(212)	(21)
Proceeds from sale of investment securities	3	–
Payments of leasehold and guarantee deposits	(780)	(490)
Proceeds from refund of leasehold and guarantee deposits	757	569
Refund of guarantee deposits received	(28)	–
Guarantee deposits received	30	4
Other, net	64	104
Net cash provided by (used in) investing activities	(5,164)	(5,403)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	370	30
Repayments of long-term borrowings	(305)	(5,800)
Repayments of lease liabilities	(759)	(755)
Purchase of treasury shares	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(67)	(59)
Dividends paid	(1,356)	(1,326)
Net cash provided by (used in) financing activities	(2,119)	(7,911)
Effect of exchange rate change on cash and cash equivalents	619	(776)
Net increase (decrease) in cash and cash equivalents	(4,429)	(7,003)
Cash and cash equivalents at beginning of period	44,323	39,893
Cash and cash equivalents at end of period	39,893	32,890