

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 14, 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	8,327	66.6	9,242	17.7	5,397	40.7
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	122.09	121.58	4.5	4.4	3.5
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	211,300	122,567	57.7	2,760.04
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	7,020	(5,477)	(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	24.6	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	5.9	9,535	3.2	5,643	4.6	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	23,414
Operating loans	967	878
Merchandise	75,921	80,714
Income taxes refund receivable	1	157
Other	8,043	8,188
Allowance for doubtful accounts	(292)	(438)
Total current assets	147,012	145,805
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,403	52,445
Accumulated depreciation	(36,192)	(38,560)
Buildings and structures, net	14,211	13,885
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	22,463
Accumulated depreciation	(18,965)	(19,477)
Other, net	2,339	2,985
Total property, plant and equipment	31,891	35,385
Intangible assets		
Goodwill	716	330
Software	1,854	3,831
Other	2,924	2,622
Total intangible assets	5,495	6,784
Investments and other assets		
Investment securities	727	953
Long-term loans receivable	24	12
Deferred tax assets	4,852	4,574
Guarantee deposits	1,851	1,465
Leasehold deposits	14,142	14,013
Investment property	3,126	3,120
Accumulated depreciation	(1,276)	(1,289)
Investment property, net	1,849	1,831
Retirement benefit asset	139	103
Other	582	539
Allowance for doubtful accounts	(260)	(168)
Total investments and other assets	23,908	23,325
Total non-current assets	61,295	65,494
Total assets	208,308	211,300

(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	14,160
Total current liabilities	74,684	72,177
Non-current liabilities		
Long-term borrowings	6,459	4,772
Lease liabilities	2,001	5,222
Retirement benefit liability	905	862
Provision for retirement benefits for directors (and other officers)	59	59
Asset retirement obligations	4,640	4,768
Other	849	870
Total non-current liabilities	14,915	16,555
Total liabilities	89,599	88,732
Net assets		
Shareholders' equity		
Share capital	15,935	15,935
Capital surplus	16,119	16,119
Retained earnings	92,427	96,499
Treasury shares	(6,498)	(6,498)
Total shareholders' equity	117,984	122,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47	185
Foreign currency translation adjustment	638	197
Remeasurements of defined benefit plans	(439)	(415)
Total accumulated other comprehensive income	245	(32)
Share acquisition rights	435	341
Non-controlling interests	42	202
Total net assets	118,708	122,567
Total liabilities and net assets	208,308	211,300

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	147,519
Gross profit	87,053	91,773
Selling, general and administrative expenses	82,054	83,446
Operating profit	4,999	8,327
Non-operating income		
Interest income	49	76
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	114
Other	677	365
Total non-operating income	3,893	1,931
Non-operating expenses		
Interest expenses	120	64
Rental expenses on real estate	478	451
Commission expenses	272	343
Other	171	157
Total non-operating expenses	1,041	1,016
Ordinary profit	7,851	9,242
Extraordinary income		
Gain on sale of non-current assets	4	5
Insurance claim income	111	173
Settlement income	–	72
Compensation income relating store relocation	–	143
Gain on reversal of share acquisition rights	28	135
Gain on sale of shares of subsidiaries and associates	149	–
Gain on cancellation of guarantee deposits received	–	9
Total extraordinary income	293	538
Extraordinary losses		
Loss on retirement of non-current assets	290	122
Loss on sale of non-current assets	17	0
Impairment losses	1,293	655
Loss on disaster	39	–
Loss on store closings	1	–
Loss on valuation of investment securities	149	–
Loss on sale of shares of subsidiaries and associates	19	–
Loss on liquidation of business	–	49
Loss on cancellation of rental contracts	120	116
Total extraordinary losses	1,930	944
Profit before income taxes	6,214	8,836
Income taxes - current	2,950	3,032
Income taxes - deferred	(588)	209
Total income taxes	2,361	3,241
Profit	3,853	5,594
Profit attributable to non-controlling interests	17	196
Profit attributable to owners of parent	3,836	5,397

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,853	5,594
Other comprehensive income		
Valuation difference on available-for-sale securities	21	138
Foreign currency translation adjustment	157	(440)
Remeasurements of defined benefit plans, net of tax	43	24
Total other comprehensive income	222	(278)
Comprehensive income	4,075	5,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,070	5,138
Comprehensive income attributable to non-controlling interests	5	178

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			5,397		5,397
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period			4,071	(0)	4,071
Balance at end of period	15,935	16,119	96,499	(6,498)	122,056

	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							5,397
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	138	(440)	24	(278)	(94)	159	(212)
Total changes during period	138	(440)	24	(278)	(94)	159	3,858
Balance at end of period	185	197	(415)	(32)	341	202	122,567

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	8,836
Depreciation	3,803	4,273
Impairment losses	1,293	655
Amortization of goodwill	444	427
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)	(42)
Decrease (increase) in retirement benefit asset	66	35
Interest and dividend income	(59)	(88)
Interest expenses	120	64
Insurance claim income	(111)	(173)
Subsidy income	(1,663)	(114)
Gain on sale of non-current assets	(4)	(5)
Gain on reversal of share acquisition rights	(28)	(135)
Loss (gain) on sale of shares of subsidiaries and associates	(130)	–
Gain on cancellation of guarantee deposits received	–	(9)
Loss on retirement of non-current assets	290	122
Loss (gain) on valuation of investment securities	149	–
Loss on sale of non-current assets	17	0
Loss on disaster	39	–
Loss on store closings	1	–
Loss on cancellation of rental contracts	120	116
Loss on liquidation of business	–	49
Compensation income relating store relocation	–	(143)
Settlement income	–	(72)
Decrease (increase) in trade receivables	(1,209)	(718)
Decrease (increase) in operating loans receivable	185	89
Decrease (increase) in inventories	(6,162)	(4,581)
Increase (decrease) in trade payables	584	1,846
Increase (decrease) in accrued consumption taxes	(2,993)	750
Other, net	587	(922)
Subtotal	1,786	9,971
Interest and dividends received	59	88
Interest paid	(117)	(66)
Income taxes paid	(2,339)	(3,584)
Income taxes refund	1,066	108
Proceeds from insurance income	115	173
Subsidies received	1,663	114
Proceeds from compensation for forced relocation	–	143
Settlement received	–	72
Net cash provided by (used in) operating activities	2,235	7,020

(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)	(3,357)
Proceeds from sale of property, plant and equipment	26	27
Payments for retirement of property, plant and equipment	(230)	(101)
Purchase of intangible assets	(1,265)	(2,184)
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)	(10)
Guarantee deposits received	30	22
Other, net	64	68
Net cash provided by (used in) investing activities	(5,164)	(5,477)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	370	30
Repayments of long-term borrowings	(305)	(6,020)
Proceeds from long-term borrowings	–	220
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	(634)
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