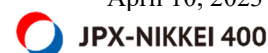


Note: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (under Japanese GAAP)



April 10, 2023



Company name: **LIFE CORPORATION**
 Listing: Tokyo Stock Exchange
 Securities code: 8194
 URL: <http://www.lifecorp.jp/>
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Scheduled date of Annual General Meeting of Shareholders: May 25, 2023
 Scheduled date to commence dividend payments: May 26, 2023
 Scheduled date to file Annual Securities Report: May 26, 2023
 Preparation of supplementary material on annual financial results: Yes
 Holding of annual financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Operating revenue		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 February 28, 2023	765,426	–	19,148	(16.5)	20,015	(15.5)	13,327	(12.4)
Fiscal year ended February 28, 2022	768,335	1.2	22,932	(16.3)	23,695	(15.8)	15,208	(14.7)

Note: Comprehensive income
 Fiscal year ended February 28, 2023: ¥14,983 million [(2.2)%]
 Fiscal year ended February 28, 2022: ¥15,322 million [(16.3)%]

Reference: Operating revenue is the total of net sales and receipts from operating revenue.

Net sales
 Fiscal year ended February 28, 2023: ¥738,494 million [–%]
 Fiscal year ended February 28, 2022: ¥745,080 million [1.2%]
 Receipts from operating revenue
 Fiscal year ended February 28, 2023: ¥26,931 million [–%]
 Fiscal year ended February 28, 2022: ¥23,254 million [2.0%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/operating revenue
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2023	284.35	–	11.5	7.3	2.5
February 28, 2022	324.50	–	14.6	8.8	3.0

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the fiscal year ended February 28, 2023. Figures for the fiscal year ended February 28, 2023 represent the amounts after applying the said accounting standard, etc., and do not include year-on-year changes for operating revenue.

Reference: Share of profit (loss) of entities accounted for using equity method
Fiscal year ended February 28, 2023: ¥– million
Fiscal year ended February 28, 2022: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2023	280,810	122,002	43.4	2,599.79
February 28, 2022	270,229	110,299	40.8	2,353.44

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the fiscal year ended February 28, 2023. Figures for the fiscal year ended February 28, 2023 represent the amounts after applying the said accounting standard, etc.

Reference: Equity
As of February 28, 2023: ¥122,002 million
As of February 28, 2022: ¥110,299 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2023	23,899	(23,839)	(142)	9,327
February 28, 2022	(7,926)	(20,303)	22,695	9,409

2. Cash dividends

	Annual dividends					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended February 28, 2022	Yen –	Yen 30.00	Yen –	Yen 40.00	Yen 70.00	Millions of yen 3,287	% 21.6	% 3.2
Fiscal year ended February 28, 2023	–	35.00	–	35.00	70.00	3,288	24.6	2.8
Fiscal year ending February 29, 2024 (Forecast)	–	40.00	–	40.00	80.00		27.8	

Note: Breakdown of year-end dividend for the fiscal year ended February 28, 2022: Ordinary dividend of ¥30.00, and the 60th anniversary commemorative dividend of ¥10.00

**3. Consolidated earnings forecasts for the fiscal year ending February 29, 2024
(from March 1, 2023 to February 29, 2024)**

(Percentages indicate year-on-year changes.)

	Operating revenue		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
Fiscal year ending February 29, 2024	801,000	4.6	19,800	3.4	20,500	2.4	13,500	1.3	288.02

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 - i. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - ii. Changes in accounting policies due to other reasons: None
 - iii. Changes in accounting estimates: None
 - iv. Restatement: None
- (3) Number of issued shares (ordinary shares)
 - i. Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2023	49,450,800 shares
As of February 28, 2022	49,450,800 shares
 - ii. Number of treasury shares at the end of the period

As of February 28, 2023	2,522,786 shares
As of February 28, 2022	2,583,502 shares
 - iii. Average number of shares during the period

Fiscal year ended February 28, 2023	46,871,327 shares
Fiscal year ended February 28, 2022	46,867,560 shares

Note: The number of treasury shares at the end of the period includes the Company's shares (84,300 shares as of February 28, 2023, and 90,300 shares as of February 28, 2022) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets for the "Trust for Delivering Shares to Directors."
In addition, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares that are excluded from the calculation of the average number of shares during the period. (86,432 shares for the fiscal year ended February 28, 2023, and 90,300 shares for the fiscal year ended February 28, 2022)

Reference: Overview of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended February 28, 2023
(from March 1, 2022 to February 28, 2023)**

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	765,240	–	18,860	(17.3)	19,683	(16.4)	12,977	(13.9)
February 28, 2022	767,379	1.2	22,808	(16.1)	23,556	(15.8)	15,066	(14.7)

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2023	276.87	–
February 28, 2022	321.46	–

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc., from the beginning of the fiscal year ended February 28, 2023. Figures for the fiscal year ended February 28, 2023 represent the amounts after applying the said accounting standard, etc., and do not include year-on-year changes for operating revenue.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2023	283,477	120,563	42.5	2,569.11
February 28, 2022	275,299	110,634	40.2	2,360.60

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the fiscal year ended February 28, 2023. Figures for the fiscal year ended February 28, 2023 represent the amounts after applying the said accounting standard, etc.

Reference: Equity

As of February 28, 2023: ¥120,563 million

As of February 28, 2022: ¥110,634 million

2. Non-consolidated earnings forecasts for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Percentages indicate year-on-year changes.)

	Operating revenue		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 29, 2024	800,700	4.6	20,100	2.1	13,250	2.1	282.69

* Financial results reports are not required to be subjected to audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 4 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the current fiscal year. As a result, the accounting treatment method for revenues differs from that used in the previous fiscal year; therefore, in the following explanation of operating results, no changes in amounts or year-on-year comparisons (%) are shown for operating revenues and net sales.

Moreover, the amount of operating profit, etc., is the same as the previous year due to the negligible impact.

During the current fiscal year in the Japanese economy, the normalization of socioeconomic activities was pursued while measures against COVID-19 were taken. On the other hand, the outlook remained uncertain largely due to the ongoing cost-push inflation stemming from a sharp rise in resource prices under the unstable international situation, the economic stagnation in Europe and the U.S., and the depreciation of the yen.

In the food supermarket industry, which is the Group’s area of business, the environment surrounding corporate operations is becoming increasingly severe due to intensifying competition across industries and business categories, rising procurement costs for raw materials, soaring utilities expenses, labor expenses and other costs, and the growing tendency to economize due to declining real wages.

In this economic environment, this fiscal year is positioned as the year for the total completion of the 6th Medium-Term Plan, which commenced in fiscal 2018 aiming to make each of our stores No. 1 in the area with even greater trust from customers. While breaking away from homogeneous competition and promoting differentiation, we are working on various measures. Specifically, we are focusing on the development of original products such as “BIO-RAL” —a private brand that uses healthy materials and production methods for customers interested in health and natural products— increasing the number of stores with product sections based on the “BIO-RAL” concept to 240 stores (approximately 80% of all stores), expanding our online supermarket business including services for Amazon Prime members, and aggressively opening new stores.

Our Central Square Yebisu Garden Place Store, which opened in April as the flagship store, is positioned as a next-generation supermarket that combines brick-and-mortar stores and online supermarkets with the business concepts of Central Square (“making daily shopping not only more convenient but also more enjoyable”) and BIO-RAL (“organic, local, healthy, and sustainable”). It has been performing well with the support from many customers.

Furthermore, as part of our efforts to realize a sustainable and prosperous society, we started full-scale operation of the industry’s largest Tempozan biogas power generation facility in March 2022, which will reduce food residues by more than 4,000 tons per year and create renewable energy. In January 2023, the Tempozan biogas power generation facility won the Award for Decarbonization in the Sustainability Award 2022: Japan’s Sustainability to Communicate, which was organized by the Ministry of Agriculture, Forestry and Fisheries, the Consumer Affairs Agency, and the Ministry of the Environment. In addition, from April 2022, we have switched all electricity used at our Tokyo headquarters, Osaka headquarters, and Central Square Nishimiyahara Store, which is adjacent to the Osaka headquarters, to electricity derived from renewable energy sources. In addition, in response to soaring electricity prices and tight power supply, stores and the headquarters are working to save electricity by adjusting the temperature settings of air conditioners and turning off some lights.

And as part of our social contribution, we offered food products and daily supplies to those living in Kyoto City who have evacuated from Ukraine to cooperate with “Kyoto Citizens’ Acceptance Support Network for Kyiv and Ukraine evacuees,” a support organization launched by Kyoto City

and others.

We opened 11 new stores: Central Square Yebisu Garden Place Store (Tokyo) (mentioned above); Kameido Clock Store (Tokyo) and Horikawa Kitayama Store (Kyoto) in April; BIO-RAL Shinjuku Marui Store (Tokyo) in May; Moriguchi Takii Store (Osaka) and Nishiogikubo Store (Tokyo) in July; Toyosu Store (Tokyo), Hanazono Central Park Store (Osaka) and Shijo Omiya Store (Kyoto) in September; VIERRA Maita Store (Kanagawa) in October; and Ichigayayakuoji Store (Tokyo) in December. As for existing stores, Hatsushiba Store was temporarily closed due to reconstruction work in January 2021 while continuing to operate at a temporary store called Hatsushibahigashi Store. It reopened as the new Hatsushiba Store in December. In addition, Shiki Store, Oyodonaka Store, and Ichikawakokubun Store expanded their lineups of health-conscious, easy, and convenient products and frozen foods, and four stores underwent major renovations, including the establishment of the largest BIO-RAL corner in the Osaka region at the Central Square Namba Store Annex.

The Group's operating revenue totaled ¥765,426 million as a result of the expansion of new stores and online supermarkets, the strengthening of private brand products such as "BIO-RAL," and implementing product initiatives that sought to enhance taste of our products. On the other hand, as for selling, general and administrative expenses, the Group saw increases in utilities expenses, various property expenses such as rent expenses from opening new stores, and personnel expenses from increased hiring activities. Operating profit was ¥19,148 million (¥22,932 million in the previous year), ordinary profit was ¥20,015 million (¥23,695 million in the previous year), and profit attributable to owners of parent was ¥13,327 million (¥15,208 million in the previous year).

Results by segment are as follows:

(Retail Business)

Operating revenue was ¥765,240 million, with net sales of ¥738,494 million, and segment profit of ¥19,683 million (¥23,556 million in the previous year).

Net sales by department were ¥323,247 million for fresh produce, ¥327,577 million for general food, ¥64,667 million for lifestyle products, and ¥23,001 million for apparel.

(Other Business)

Operating revenue from LIFE FINANCIAL SERVICE was ¥2,577 million (¥2,415 million in the previous year), with segment profit of ¥332 million (¥139 million in the previous year).

(2) Overview of financial position for the fiscal year under review

The Group considers the maintenance and securing of an appropriate level of liquid funds as an important financial policy in order to continue to smoothly carry out its business activities.

In order to achieve continuous corporate growth, we plan to aggressively invest in new store openings and the renovation of existing stores, and we will do our best to fund this by using net cash flows from operating activities, with any shortfall to be financed by borrowings from financial institutions.

Total assets of the Group at the end of the current fiscal year were ¥280,810 million, an increase of ¥10,580 million from the end of the previous fiscal year.

Current assets totaled ¥80,490 million, an increase of ¥6,009 million from the end of the previous fiscal year. This was mainly due to increases of ¥1,076 million in accounts receivable - trade, ¥1,930 million in merchandise and finished goods, ¥1,120 million in accounts receivable - other, and ¥1,566 million in advances paid (other current assets).

Non-current assets totaled ¥200,319 million, an increase of 4,571 million from the end of the previous fiscal year. This was mainly due to an increase of ¥5,389 million in property, plant and equipment from the end of the previous fiscal year, resulting from new store openings, renovations,

and land acquisitions.

Total liabilities at the end of the current fiscal year were ¥158,807 million, a decrease of ¥1,122 million from the end of the previous fiscal year. This was mainly due to increases of ¥4,632 million in total short-term and long-term borrowings and ¥1,608 million in contract liabilities and decreases of ¥3,152 million in account payable - other, ¥2,109 million in retirement benefit liabilities and ¥1,942 million in provisions for sales promotion expenses.

Total net assets at the end of the current fiscal year were ¥122,002 million, an increase of ¥11,703 million from the end of the previous fiscal year. This was mainly due to a ¥9,926 million increase in retained earnings.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (“cash”) at the end of the fiscal year under review totaled ¥9,327 million (down 0.9% year on year).

The main reasons for the decrease are as follows.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥23,899 million in the current fiscal year (compared to ¥7,926 million in cash used in operating activities in the previous year).

This was mainly due to ¥18,641 million in profit before income taxes and ¥15,087 million in depreciation, a non-cash gain/loss item, and ¥6,356 million in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥23,839 million in the current fiscal year (up 17.4% year on year).

This was mainly due to expenditures of ¥21,445 million for the purchase of property, plant and equipment, including land acquisitions, opening new stores, and renovations of existing stores.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥142 million in the current fiscal year (compared to ¥22,695 million in cash provided by financing activities in the previous year).

This was mainly due to a net increase in short-term borrowings of ¥5,620 million and proceeds from long-term borrowings of ¥14,000 million, repayments of long-term borrowings of ¥14,988 million and repayments of lease liabilities of ¥1,258 million, and dividends paid of ¥3,515 million.

(4) Future outlook

As for the future economic outlook for Japan, the government’s response to COVID-19 is under review, and inbound demand is expected to grow as socioeconomic activities begin to normalize. Overseas, however, excessive inflation, frequent natural disasters, fiscal, monetary, and trade policies in Europe and the United States, economic trends in China, the situation in Ukraine, and other geopolitical risks continue to affect the Japanese economy, and the situation remains less optimistic.

In the retail industry, rising wages will support consumption in addition to the accumulation of household savings due to COVID-19, but the retail industry is still in a difficult situation due to concerns about deteriorating corporate earnings, high prices, declining demand for eating at home due to renewed responses to COVID-19, and a drop in consumer confidence.

In this difficult environment, we decided to extend the scope of the 6th Medium-Term Plan by one year, making fiscal 2022 its final year, in order to address issues remaining from the COVID-19 pandemic. This plan, which commenced in fiscal 2018, aims to make each of our stores No. 1 in the area with even greater trust from customers.

In the 6th Medium-Term Plan, while reassessing the issues that the Company is facing, we have clearly expressed the Group's vision as the "True to LIFE Declaration," comprised of three keywords: "delicious," "exciting," and "happy." To achieve this vision, we have worked on the action plan, such as the following: The store is the star!, Investment in people, Investment in stores, Investment in merchandise, LIFE's strengths, Activities to instill, develop, and maintain the concept of "True to LIFE," and Strategy to support "True to LIFE."

Based on the reflections of the 6th Medium-Term Plan and changes in the external environment, we have formulated the 7th Medium-Term Plan, which will begin in fiscal 2023, to realize our Corporate Philosophy, Vision, and the "True to LIFE Declaration," with a view to looking toward to what we want to be in fiscal 2030. The three main themes that we will address are as follows.

- Investment in people – We aim to increase motivation through employee growth and satisfaction, which will advance the 7th Medium-Term Plan and lead to company growth.
- Break away from homogeneous competition – We aim to provide customers with a comfortable shopping experience by expanding our internet business while refining our unique products and services in order to realize seamless and convenient shopping.
- Contributing towards the realization of a sustainable and flourishing society – As a "lifeline for the community" – we aim to implement initiatives necessary for a sustainable and flourishing society (reduction of environmental impacts, contribution to the local community, etc.).

In promoting the three themes, all employees will personally engage in "kaizen" activities under the slogan of "Linking the Circle of Kaizen" in order to promote efficiency and secure funds for investment to realize the 7th Medium-Term Plan, even in the current situation of labor shortages.

Through the abovementioned measures, we aim to improve our corporate value and achieve sustained growth, as a business entity that is trusted by customers, society and employees.

While wages are expected to rise in addition to the accumulation of household savings as social and economic activities move toward normalization, there are concerns that consumer confidence will decline due to lower demand for eating at home and higher prices, making it extremely difficult to discern performance trends. Even though the outlook remains unclear, however, for the first year of the 7th Medium-Term Plan (fiscal 2023), the Group forecasts operating revenue of ¥801.0 billion (up 4.6% year on year), operating profit of ¥19.8 billion (up 3.4% year on year), ordinary profit of ¥20.5 billion (up 2.4% year on year), and profit attributable to owners of parent of ¥13.5 billion (up 1.3% year on year). Although we may revise our business outlook in response to changes in the social and economic environment, we will steadily implement all measures to "realize our Corporate Philosophy, Vision, and the True to LIFE Declaration," which are the goals of the 7th Medium-Term Plan.

2. Basic concept regarding selection of accounting standards

The Group currently operates and raises funds mainly in Japan and has decided to apply Japanese GAAP for the time being.

The Group intends to adopt International Financial Reporting Standards (IFRS) in an appropriate manner based on future business developments and trends of other companies in Japan.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	9,809	9,727
Accounts receivable - trade	8,133	9,209
Merchandise and finished goods	23,880	25,811
Raw materials and supplies	258	250
Accounts receivable - other	28,544	29,664
Other	3,854	5,826
Total current assets	74,480	80,490
Non-current assets		
Property, plant and equipment		
Buildings and structures	188,078	199,324
Accumulated depreciation	(101,429)	(107,392)
Buildings and structures, net	*2 86,648	*2 91,932
Machinery, equipment and vehicles	10,906	11,256
Accumulated depreciation	(5,646)	(6,474)
Machinery, equipment and vehicles, net	5,260	4,782
Furniture and fixtures	55,761	60,234
Accumulated depreciation	(39,224)	(43,275)
Furniture and fixtures, net	16,537	16,958
Land	*2, *3 39,256	*2, *3 39,614
Other	2,807	2,593
Accumulated depreciation	(20)	-
Other, net	2,787	2,593
Total property, plant and equipment	150,490	155,880
Intangible assets	3,508	3,218
Investments and other assets		
Investment securities	1,208	1,487
Long-term loans receivable	7,935	7,711
Deferred tax assets	6,761	5,586
Guarantee deposits	*2 24,086	*2 24,513
Other	*1 1,799	*1 1,963
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	41,749	41,220
Total non-current assets	195,748	200,319
Total assets	270,229	280,810

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	41,666	41,971
Short-term borrowings	38,500	44,120
Current portion of long-term borrowings	*2 14,865	*2 8,628
Lease liabilities	1,082	1,274
Accounts payable - other	15,536	12,384
Income taxes payable	3,901	2,363
Provision for bonuses	2,555	2,764
Provision for sales promotion expenses	1,963	21
Contract liabilities	-	1,608
Other	12,406	13,100
Total current liabilities	132,478	128,236
Non-current liabilities		
Long-term borrowings	*2 12,248	*2 17,497
Lease liabilities	2,412	2,651
Deferred tax liabilities for land revaluation	*3 969	*3 951
Provision for share awards for directors (and other officers)	56	43
Retirement benefit liability	2,999	889
Asset retirement obligations	5,014	5,350
Other	3,750	3,187
Total non-current liabilities	27,451	30,571
Total liabilities	159,929	158,807
Net assets		
Shareholders' equity		
Share capital	10,004	10,004
Capital surplus	5,628	5,696
Retained earnings	99,221	109,147
Treasury shares	(3,930)	(3,838)
Total shareholders' equity	110,923	121,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	357	588
Revaluation reserve for land	*3 (1,114)	*3 (1,154)
Remeasurements of defined benefit plans	133	1,558
Total accumulated other comprehensive income	(623)	992
Total net assets	110,299	122,002
Total liabilities and net assets	270,229	280,810

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

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	745,080	738,494
Cost of sales	514,356	508,911
Gross profit	230,724	229,582
Receipts from operating revenue	23,254	26,931
Operating gross profit	253,978	256,514
Selling, general and administrative expenses		
Freight costs	30,027	31,002
Promotion expenses	9,850	6,109
Store remodeling expense and repair expense	7,161	5,615
Utilities expenses	8,585	12,699
Rent expenses	30,177	31,623
Salaries, allowances and bonuses	90,029	92,777
Provision for bonuses	2,533	2,758
Retirement benefit expenses	1,511	1,579
Provision for share awards for directors (and other officers)	19	0
Legal and other welfare expenses	12,805	12,595
Depreciation	14,061	14,966
Other	24,281	25,637
Total selling, general and administrative expenses	231,046	237,365
Operating profit	22,932	19,148
Non-operating income		
Interest income	141	130
Dividend income	53	52
Income from recycling	291	366
Data offer fee	143	149
Other	428	435
Total non-operating income	1,058	1,134
Non-operating expenses		
Interest expenses	184	185
Other	110	83
Total non-operating expenses	294	268
Ordinary profit	23,695	20,015
Extraordinary income		
Gain on sale of non-current assets	-	3
Gain on sale of investment securities	249	-
Total extraordinary income	249	3
Extraordinary losses		
Impairment losses	*1 1,241	*1 1,286
Corporate funeral costs	-	45
Loss on retirement of non-current assets	*2 187	*2 32
Loss on store closings	89	3
Loss on COVID-19	70	-
Sublease loss	35	-
Loss on sale of investment securities	7	-
Other	-	9
Total extraordinary losses	1,632	1,377
Profit before income taxes	22,312	18,641
Income taxes - current	6,684	4,868
Income taxes - deferred	420	444
Total income taxes	7,104	5,313
Profit	15,208	13,327
Profit attributable to owners of parent	15,208	13,327

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit	15,208	13,327
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	230
Remeasurements of defined benefit plans, net of tax	132	1,424
Total other comprehensive income	*1 114	*1 1,655
Comprehensive income	15,322	14,983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,322	14,983

(3) Consolidated statement of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,004	11,613	86,595	(9,914)	98,298
Cumulative effects of changes in accounting policies			–		–
Restated balance	10,004	11,613	86,595	(9,914)	98,298
Changes during period					
Dividends of surplus			(2,582)		(2,582)
Profit attributable to owners of parent			15,208		15,208
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Cancellation of treasury shares		(5,984)		5,984	–
Reversal of revaluation reserve for land					–
Net changes in items other than shareholders' equity					
Total changes during period	–	(5,984)	12,625	5,984	12,625
Balance at end of period	10,004	5,628	99,221	(3,930)	110,923

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	375	(1,114)	0	(738)	97,560
Cumulative effects of changes in accounting policies					–
Restated balance	375	(1,114)	0	(738)	97,560
Changes during period					
Dividends of surplus					(2,582)
Profit attributable to owners of parent					15,208
Purchase of treasury shares					(0)
Disposal of treasury shares					–
Cancellation of treasury shares					–
Reversal of revaluation reserve for land					–
Net changes in items other than shareholders' equity	(18)		132	114	114
Total changes during period	(18)	–	132	114	12,739
Balance at end of period	357	(1,114)	133	(623)	110,299

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,004	5,628	99,221	(3,930)	110,923
Cumulative effects of changes in accounting policies			80		80
Restated balance	10,004	5,628	99,302	(3,930)	111,004
Changes during period					
Dividends of surplus			(3,521)		(3,521)
Profit attributable to owners of parent			13,327		13,327
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		68		92	161
Cancellation of treasury shares					-
Reversal of revaluation reserve for land			39		39
Net changes in items other than shareholders' equity					
Total changes during period	-	68	9,845	92	10,006
Balance at end of period	10,004	5,696	109,147	(3,838)	121,010

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	357	(1,114)	133	(623)	110,299
Cumulative effects of changes in accounting policies					80
Restated balance	357	(1,114)	133	(623)	110,380
Changes during period					
Dividends of surplus					(3,521)
Profit attributable to owners of parent					13,327
Purchase of treasury shares					(0)
Disposal of treasury shares					161
Cancellation of treasury shares					-
Reversal of revaluation reserve for land					39
Net changes in items other than shareholders' equity	230	(39)	1,424	1,615	1,615
Total changes during period	230	(39)	1,424	1,615	11,622
Balance at end of period	588	(1,154)	1,558	992	122,002

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	22,312	18,641
Depreciation	14,179	15,087
Retirement benefit expenses	19	25
Impairment losses	1,241	1,286
Increase (decrease) in provision for bonuses	(40)	208
Increase (decrease) in provision for sales promotion expenses	78	(12)
Increase (decrease) in contract liabilities	–	(204)
Increase (decrease) in retirement benefit liability	(86)	(81)
Increase (decrease) in provision for share awards for directors (and other officers)	–	(12)
Interest and dividend income	(194)	(183)
Interest expenses	184	185
Loss (gain) on sale of investment securities	(241)	–
Loss on retirement of non-current assets	187	32
Decrease (increase) in trade receivables	(2,608)	(1,076)
Decrease (increase) in inventories	(755)	(1,923)
Decrease (increase) in accounts receivable - other	(1,160)	(1,120)
Increase (decrease) in trade payables	(26,800)	305
Increase (decrease) in accounts payable - other	(5,158)	(502)
Other, net	(53)	(280)
Subtotal	1,103	30,375
Interest and dividends received	57	55
Interest paid	(173)	(174)
Income taxes paid	(8,914)	(6,356)
Net cash provided by (used in) operating activities	(7,926)	23,899
Cash flows from investing activities		
Payments into time deposits	(800)	(800)
Proceeds from withdrawal of time deposits	800	800
Purchase of property, plant and equipment	(19,000)	(21,445)
Proceeds from sale of property, plant and equipment	126	110
Purchase of intangible assets	(867)	(641)
Proceeds from sale of investment securities	485	–
Purchase of shares of subsidiaries and associates	(12)	–
Loan advances	(57)	(329)
Proceeds from collection of loans receivable	22	–
Payments of guarantee deposits	(828)	(693)
Proceeds from refund of guarantee deposits	62	25
Other, net	(235)	(864)
Net cash provided by (used in) investing activities	(20,303)	(23,839)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,350	5,620
Proceeds from long-term borrowings	3,000	14,000
Repayments of long-term borrowings	(12,647)	(14,988)
Repayments of lease liabilities	(1,224)	(1,258)
Repayments of installment payables	(204)	–
Dividends paid	(2,577)	(3,515)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	22,695	(142)
Net increase (decrease) in cash and cash equivalents	(5,533)	(81)
Cash and cash equivalents at beginning of period	14,943	9,409
Cash and cash equivalents at end of period	*1 9,409	*1 9,327

(5) Notes to consolidated financial statements

Notes on premise of going concern

Not applicable.

Significant accounting policies for preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of consolidated subsidiaries

- (i) Number of consolidated subsidiaries 1 company
- (ii) Names of consolidated subsidiaries LIFE FINANCIAL SERVICE

(2) Names, etc. of non-consolidated subsidiaries

- (i) Names of non-consolidated subsidiaries LIFE KOSAN CORPORATION
LIFE STORE CORPORATION

(ii) Reason for exclusion from scope of consolidation

Non-consolidated subsidiaries are all small in scale, and any total amount in terms of their total assets, net sales, profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others does not significantly affect the consolidated financial statements.

2. Application of equity method

(1) Number of unconsolidated subsidiaries or associates accounted for using the equity method and names of major companies, etc.

There are no non-consolidated subsidiaries or associates accounted for using the equity method.

(2) Names, etc. of major non-consolidated subsidiaries and associates not accounted for using the equity method

- (i) Names of non-consolidated subsidiaries LIFE KOSAN CORPORATION
LIFE STORE CORPORATION
- (ii) Names of associates Japan Education Center for Future Retailing Inc
LIFE HOME DELIVERY

(iii) Reason for not using equity method

Non-consolidated subsidiaries and associates not accounted for using the equity method are excluded from the scope of the application of the equity method because such exclusion has only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (the amount corresponding to the Company's ownership interest) and retained earnings (the amount corresponding to the Company's ownership interest), and they have no significance as a whole.

3. Fiscal year of consolidated subsidiaries

Consolidated subsidiaries' fiscal year-end is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

a. Held-to-maturity debt securities

Amortized cost method (straight-line method) is applied.

b. Available-for-sale securities

Securities other than those without market value are stated at fair value (unrealized gains and losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method), while securities without market value are stated at the cost determined by the moving-average method.

(ii) Inventories

a. Merchandise and finished goods

Stated at the cost determined by the retail method (the carrying value is written

down according to the decrease in profitability).

However, fresh food and inventories at distribution and processing centers are stated at the cost determined by the last purchase price method (the carrying value is written down according to the decrease in profitability).

b. Raw materials and supplies

Mainly stated at the cost determined by the last purchase price method (the carrying value is written down according to the decrease in profitability).

(2) Accounting methods for depreciation of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Straight-line method (excluding vehicles, for which the declining-balance method is applied)

Major useful lives are as follows.

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	3 to 17 years
Tools, furniture and fixtures	2 to 20 years

Low-value depreciable assets with an acquisition cost of ¥100,000 or more but less than ¥200,000 are depreciated in equal amounts over three years.

Property, plant and equipment acquired on or before March 31, 2007, are depreciated in equal amounts over five years starting from the fiscal year following the completion of depreciation to the limit of the depreciable amount.

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized using the straight-line method over its useful life (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method that is applied to non-current assets owned by the Company is applied.

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is applied assuming the lease period as the useful life without residual value.

(3) Accounting for significant provisions

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables or the individual consideration of collectability for specific receivables, such as highly doubtful receivables.

(ii) Provision for bonuses

To provide for payment of bonuses to employees, the amount is provided based on the estimated amount of bonuses to be paid.

(iii) Provision for sales promotion expenses

To provide for the use of points granted under the point card system for sales promotion purposes, the amount estimated to be used in the future, based on the historical usage rate for the unused point balance, is provided.

The provision is included in sales promotion expenses.

(iv) Provision for share awards for Directors (and other officers)

To prepare for the delivery of the Company's shares to Directors (excluding outside Directors) in accordance with the Company's Director Performance-Linked Share Distribution Regulations, the amount provided is based on the estimated amount of

share award obligations as of the end of the fiscal year.

(4) Accounting methods for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Past service cost is amortized using the straight-line method over a fixed number of years (11 years), within the average remaining service years of employees, when incurred.

Actuarial gains and losses are amortized using the straight-line method over a fixed number of years (11 years), within the average remaining service years of employees, when incurred in each fiscal year from the fiscal year following the accrual of each gain or loss.

(5) Accounting for significant revenues and expenses

(i) Revenue recognition for sales of goods

The Company's revenues from contracts with customers are primarily derived from sales of merchandise in the supermarket business. The Company recognizes revenue from the sale of these products when the products are delivered to the customer as the Company believes that the customer has acquired control over the products and the performance obligation is satisfied at the time the products are delivered.

For transactions in which the Company does not control the goods or services transferred to the customer and it is determined to have been involved as an agent in the sale of goods, revenue is recognized as the net amount of the gross consideration received from the customer less the gross consideration paid to the supplier. The consideration for the transaction is received generally within one month of satisfying the performance obligation and does not include a significant financial component.

(ii) Revenue recognition for our point system

The Company offers a customer loyalty program, whereby members are awarded points based on the amount of purchases they make. The Company identifies such points as a performance obligation, and it calculates the arm's length sales price of the points, taking into account the expected future expiration of the points and other factors, and allocates the transaction price and recognizes revenue when the points are used.

(iii) Revenue recognition related to company-issued coupons and points issued by other companies

The Company recognizes revenue from sales to customers of company-issued coupons and third-party points as the net amount of the total consideration received from customers less the amount equivalent to company-issued coupons and third-party points.

(6) Scope of cash in the consolidated statement of cash flows

Cash in the consolidated statement of cash flows (cash and cash equivalents) consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments with maturities of three months or less from the acquisition date that are readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc., are as follows:

1. Revenue recognition for agency transactions

With respect to revenue from transactions in which the purchase of goods, etc., is recognized at the time of sales thereof (*shoka shiire*), the Company previously recognized the total consideration received from customers as net sales and the total consideration paid to suppliers as cost of sales. However, as the Company’s role, in such transactions, in providing goods, etc., to customers is determined to be that of an agent, the Company has changed its method of recognizing revenue to the net amount of the total consideration received from customers less the total consideration paid to suppliers. Moreover, these revenues are recorded in receipts from operating revenue and not net sales.

2. Revenue recognition for our point system

The Company offers a customer loyalty program, whereby members are awarded points based on the amount of purchases they make. Previously, to prepare for the redemption of points granted to customers, the amount expected to be required to redeem the points was recorded as the provision for sales promotion expenses, whose transfer amount was recorded as selling, general and administrative expenses. However, the Company has changed its method to identify such points as performance obligations, and it allocates the transaction price by calculating the independent selling price of the points considering the expected future expiration and other factors.

As a result of this change, what was recorded as selling, general and administrative expenses is now deducted from net sales, and the liability for points awarded based on the purchase amount, which was presented as “provision for sales promotion expenses” on the consolidated balance sheet in the previous fiscal year, is now “contract liabilities.”

3. Revenue recognition related to company-issued coupons and points issued by other companies

Previously, the Company recorded the gross amount of company-issued coupons and points issued by other companies for sales to customers as net sales and used company-issued coupons and granted points issued by other companies as promotion expenses in selling, general and administrative expenses. Now, we have changed the method of recognizing revenue as the net amount of the total consideration received from customers less relevant costs.

The application of the Accounting Standard for Revenue Recognition, etc., is in accordance with the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective applications, assuming the new accounting policy has been applied to periods prior to the beginning of the current fiscal year, was added to or deducted from the opening balance of retained earnings of the beginning of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

For the current fiscal year, as a result of this change, net sales decreased by ¥23,378 million, cost of sales decreased by ¥14,785 million, receipts from operating revenue increased by ¥3,177 million, selling, general and administrative expenses decreased by ¥5,409 million, and operating profit, ordinary profit and profit before income taxes each decreased by ¥6 million.

In addition, because the cumulative effect was reflected in net assets as of the beginning of the current fiscal year, retained earnings as of the beginning of the current fiscal year increased by 80 million.

The impact on per share information is negligible.

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc., from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc., prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the consolidated financial statements.

Additional information

Share remuneration plan for Directors

Based on the resolution at the 64th Annual General Meeting of Shareholders held on May 23, 2019, the Company introduced a Trust Plan for Delivering Shares to Directors (the “Plan”) for the purpose of further clarifying the linkage between remuneration for Directors (excluding outside Directors; the same applies below) and the Company’s share price and increasing the Directors’ motivation to contribute to improving medium- to long-term performance and increasing corporate value by not only enjoying the benefits of an increased share price but also bearing the risk of a falling share price and sharing with shareholders the benefits and risks associated with share price fluctuations.

Under the Plan, shares of the Company’s stock are delivered to Directors through a trust based on the number of points granted pursuant to the Director Performance-Linked Share Distribution Regulations set by the Board of Directors of the Company. The Company acquires the shares to be delivered to Directors, including those for future delivery, with the money entrusted in advance, and manages them separately as trust assets.

For the accounting related to the trust agreement, the Company applies the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) and recognizes the difference on disposal at the time of disposing treasury shares to the trust and records the net amount of dividends from the Company on the shares held by the trust and various expenses related to the trust on the consolidated balance sheets.

The Company’s shares held by Custody Bank of Japan, Ltd. as of the end of the current fiscal year are presented as treasury shares under net assets, and the book value of such treasury shares was ¥199 million in the previous fiscal year and ¥186 million in the current fiscal year, and the number of shares was 90,300 shares in the previous fiscal year and 84,300 shares in the current fiscal year.

Consolidated balance sheet

*1 Items related to non-consolidated subsidiaries and associates are as follows.

	As of February 28, 2022	As of February 28, 2023
Shares of subsidiaries and associates (investments, other assets, and other)	¥62 million	¥62 million

*2 Pledged assets and secured liabilities

Assets pledged as collateral are as follows.

	As of February 28, 2022	As of February 28, 2023
Buildings	¥3,970 million	¥3,735 million
Land	6,266	6,266
Guarantee deposits	463	463
Total	10,700	10,465

In addition to the above, real estate owned by third parties (SOGOTAXI HOLDINGS CO., LTD and others) has been pledged as collateral.

Secured liabilities are as follows.

	As of February 28, 2022	As of February 28, 2023
Long-term borrowings (including current portion of long-term borrowings)	¥9,470 million	¥8,934 million

*3 Revaluation of land

In accordance with the Act on Revaluation of Land (Act No. 34, March 31, 1998) and the Act Partially Amending the Act on Revaluation of Land (Act No. 24, March 31, 1999), land used for business purposes was revalued, and the amount equivalent to taxes on the valuation difference is recorded as “deferred tax liabilities for land revaluation” in liabilities, and the amount less this is recorded as “revaluation reserve for land” in net assets.

Method of revaluation

The value is determined by making reasonable adjustments to the value calculated based on National Tax Agency Basic Instructions on Evaluation of Assets for calculating the value of land as the basis for calculating the taxable value of land for land-holding tax purposes, as provided for in Article 16 of Land-holding Tax Act, as stipulated in Article 2, item (iv) of the Order for Enforcement of the Act on Revaluation of Land (Government Ordinance No. 119, March 31, 1998).

Date of revaluation

February 28, 2001

	As of February 28, 2022	As of February 28, 2023
Difference between the total market value of the revalued land at the end of the fiscal year and the total book value of the land after revaluation	¥(2,964) million	¥(2,660) million

Consolidated statement of income

*1 Impairment losses

The Group recorded impairment losses on the following asset groups.

Fiscal year ended February 28, 2022

Use	Type	Place	Impairment losses (Millions of yen)	
Stores, etc.	Buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures, etc.	Osaka Prefecture 2 stores	519	
		Kyoto Prefecture 1 store	13	
		Tokyo 2 stores	558	
		Saitama Prefecture 1 store	118	
		Chiba Prefecture 1 store	31	

The Group groups its assets mainly based on stores as the smallest unit that generates cash flow. For stores with continuous losses from operating activities and stores whose land market value has declined significantly, the book value is reduced to the recoverable amount if the recoverable amount is less than the book value, and the reduced amount is recorded as an impairment loss under extraordinary losses.

The breakdown is as follows.

Buildings and structures	¥1,060 million
Machinery, equipment and vehicles	3
Tools, furniture and fixtures	167
Other (*)	10
Total	1,241

(*) "Other" consists of leasehold interests in land, software, and long-term prepaid expenses.

The recoverable value of this asset group is measured by net realizable value or value in use. Net realizable value is determined based on the real estate appraisal value or roadside land price, taking materiality into consideration. The value in use is calculated by discounting future cash flows at a rate of 3.3%. In cases where future cash flows are negative, the recoverable value is calculated as zero.

Fiscal year ended February 28, 2023

Use	Type	Place	Impairment losses (Millions of yen)
Stores, etc.	Buildings and structures; machinery, equipment and vehicles; tools, furniture and fixtures, etc.	Osaka Prefecture 3 stores	77
		Kyoto Prefecture 1 store	0
		Tokyo 6 stores	708
		Kanagawa Prefecture 2 stores	483
		Chiba Prefecture 1 store	16

The Group groups its assets mainly based on stores as the smallest unit that generates cash flow. For stores with continuous losses from operating activities and stores whose land market value has declined significantly, the book value is reduced to the recoverable amount if the recoverable amount is less than the book value, and the reduced amount is recorded as an impairment loss under extraordinary losses.

The breakdown is as follows.

Buildings and structures	¥1,022 million
Machinery, equipment and vehicles	24
Tools, furniture and fixtures	233
Other (*)	6
Total	1,286

(*) “Other” consists of software and long-term prepaid expenses.

The recoverable value of this asset group is measured by net realizable value or value in use. Net realizable value is determined based on the real estate appraisal value or roadside land price, taking materiality into consideration. The value in use is calculated by discounting future cash flows at a rate of 4.4%. In cases where future cash flows are negative, the recoverable value is calculated as zero.

*2 Details of gains on sales of non-current assets are as follows.

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Land	¥– million	¥3 million

*3 Details of losses on retirement of non-current assets are as follows.

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Buildings and structures	¥111 million	¥14 million
Machinery, equipment and vehicles	1	0
Tools, furniture and fixtures	73	16
Other (*)	0	–
Total	187	32

(*) Other is long-term prepaid expenses.

Consolidated statement of comprehensive income

*1 Reclassification adjustments and tax effects related to other comprehensive income

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Valuation difference on available-for-sale securities		
Amount accrued in the current fiscal year	¥173 million	¥279 million
Reclassification adjustments	(241)	–
Before tax effect adjustments	(68)	279
Tax effects	50	(48)
Valuation difference on available-for-sale securities	(18)	230
Remeasurements of defined benefit plans, net of tax		
Amount accrued in the current fiscal year	171	2,027
Reclassification adjustments	19	25
Before tax effect adjustments	191	2,053
Tax effects	(58)	(628)
Remeasurements of defined benefit plans, net of tax	132	1,424
Total other comprehensive income	114	1,655

Consolidated statement of changes in equity

Fiscal year ended February 28, 2022

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the fiscal year (Shares)
Issued shares				
Ordinary shares (Note)	53,450,800	–	4,000,000	49,450,800
Total	53,450,800	–	4,000,000	49,450,800
Treasury shares				
Ordinary shares (Note)	6,583,138	364	4,000,000	2,583,502
Total	6,583,138	364	4,000,000	2,583,502

Note: The number of treasury shares at end of the fiscal year includes the Company's shares of 90,300 shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

Overview of reasons for change

Breakdown of the decrease in the number of issued shares is as follows.

Cancellation of treasury shares 4,000,000 shares

Breakdown of the increase in the number of treasury shares is as follows.

Purchase of shares less than one share unit 164 shares

Acquisition of restricted shares without compensation 200 shares

Breakdown of the decrease in the number of treasury shares is as follows.

Cancellation of treasury shares 4,000,000 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 27, 2021 Annual General Meeting of Shareholders	Ordinary shares	1,173	25.00	February 28, 2021	May 28, 2021

Note: Total dividends resolved by the Annual General Meeting of Shareholders held on May 27, 2021, include ¥2 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

(Resolution)	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
October 7, 2021 Board of Directors meeting	Ordinary shares	1,408	30.00	August 31, 2021	November 1, 2021

Note: Total dividends resolved by the Board of Directors meeting held on October 7, 2021, include ¥2 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
May 26, 2022 Annual General Meeting of Shareholders	Ordinary shares	1,878	Retained earnings	40.00	February 28, 2022	May 27, 2022

Note: 1. Total dividends resolved by the Annual General Meeting of Shareholders held on May 26, 2022, include ¥3 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."
2. The amount of dividends per share resolved at the Annual General Meeting of Shareholders held on May 26, 2022, is ¥40.00, a total of ¥30.00 for ordinary dividends and ¥10.00 for commemorative dividends.

Fiscal year ended February 28, 2023

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the fiscal year (Shares)
Issued shares				
Ordinary shares	49,450,800	–	–	49,450,800
Total	49,450,800	–	–	49,450,800
Treasury shares				
Ordinary shares (Note)	2,583,502	284	61,000	2,522,786
Total	2,583,502	284	61,000	2,522,786

Note: The number of treasury shares at end of the fiscal year includes the Company's shares of 84,300 shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

Overview of reasons for change

Breakdown of increase in the number of treasury shares is as follows.

Purchase of shares less than one share unit 284 shares

Breakdown of the decrease in the number of treasury shares is as follows.

Disposal of treasury stock as restricted stock compensation 55,000 shares

Disposal of treasury stock by way of transfer by Trust for Delivering Shares to Directors 6,000 shares

2. Share acquisition rights and treasury share acquisition rights

Not applicable.

3. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 26, 2022 Annual General Meeting of Shareholders	Ordinary shares	1,878	40.00	February 28, 2022	May 27, 2022

Note: 1. Total dividends resolved by the Annual General Meeting of Shareholders held on May 26, 2022, include ¥3 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

2. The amount of dividends per share resolved at the Annual General Meeting of Shareholders held on May 26, 2022, is ¥40.00, a total of ¥30.00 for ordinary dividends and ¥10.00 for commemorative dividends.

(Resolution)	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
October 11, 2022 Board of Directors meeting	Ordinary shares	1,643	35.00	August 31, 2022	November 1, 2022

Note: Total dividends resolved by the Board of Directors meeting held on October 11, 2022, include ¥2 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

(2) Dividends whose effective date falls in the fiscal year following the fiscal year of the record date

(Resolution)	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
May 25, 2023 Annual General Meeting of Shareholders	Ordinary shares	1,645	Retained earnings	35.00	February 28, 2023	May 26, 2023

Note: Total dividends resolved by the Annual General Meeting of Shareholders to be held on May 25, 2023, include ¥2 million of dividends for the Company's shares held by Custody Bank of Japan, Ltd. as the trust assets for the "Trust for Delivering Shares to Directors."

Consolidated statement of cash flows

*1 Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash and deposits account	¥9,809 million	¥9,727 million
Time deposits with maturities exceeding three months	(400)	(400)
Cash and cash equivalents	9,409	9,327

Segment information, etc.

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group for which discrete financial information is available and are regularly reviewed by the highest management decision-making body to make decisions about the allocation of managerial resources and to assess their performance.

The Group's main business is a general retailer of food products, lifestyle products, and apparel, etc., and it also operates a credit card and other businesses related to this business. Therefore, taking into consideration these services and their economic characteristics, they are aggregated and classified as the "Retail Business" reportable segment.

2. Method for calculating amounts of operating revenue, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for the reported business segment is the same as that described in "Significant accounting policies for preparation of consolidated financial statements."

Profit of reportable segment is based on ordinary profit. Intersegment revenue and transfers are based on actual market prices.

3. Matters related to changes in reportable segments, etc.

As described in notes to "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition, etc., from the beginning of the current fiscal year and has changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of calculating profit or loss of operating segments.

As a result of this change, compared to the previous method, in the Retail Business, net sales decreased by ¥23,378 million (the full amount is revenue from contracts with customers), receipts from operating revenue increased by ¥4,087 million (of which revenue from contracts with customers was ¥3,177 million and intersegment operating revenue and transfers was ¥909 million), and segment profit decreased by ¥6 million for the current fiscal year.

4. Information on operating revenue, profit or loss, assets, liabilities, and other items by reportable segment

Fiscal year ended February 28, 2022

(Millions of yen)

	Reportable segments	Other (Note 2)	Total	Adjustments (Note 3)	Amounts recorded in consolidated financial statements (Note 4)
	Retail Business				
Operating revenue (Note 1)					
Operating revenue from external customers	767,376	959	768,335	–	768,335
Intersegment operating revenue and transfers	2	1,456	1,459	(1,459)	–
Total	767,379	2,415	769,794	(1,459)	768,335
Segment profit	23,556	139	23,695	–	23,695
Segment assets	275,299	15,165	290,464	(20,234)	270,229
Other items					
Depreciation	14,040	20	14,061	–	14,061
Interest income	149	–	149	(7)	141
Interest expenses	183	8	192	(7)	184
Increase in property, plant and equipment and intangible assets (Note 5)	16,913	39	16,953	–	16,953

Note: 1 Operating revenue is the total of net sales and receipts from operating revenue.

2 “Other” includes credit card business, etc.

3 Adjustments of segment assets, interest income and interest expenses are mainly from the elimination of transactions between the reportable segment (the Retail Business) and other.

4 Segment profit is adjusted to ordinary profit in the consolidated statement of income.

5 Increases in property, plant, equipment and intangible assets do not include assets corresponding to asset retirement obligations, etc.

Fiscal year ended February 28, 2023

(Millions of yen)

	Reportable segments	Other (Note 2)	Total	Adjustments (Note 3)	Amounts recorded in consolidated financial statements (Note 4)
	Retail Business				
Operating revenue (Note 1)					
Revenue from contracts with customers	759,962	1,098	761,061	–	761,061
Other revenue (Note 5)	4,364	–	4,364	–	4,364
Operating revenue from external customers	764,327	1,098	765,426	–	765,426
Intersegment operating revenue and transfers	912	1,479	2,391	(2,391)	–
Total	765,240	2,577	767,818	(2,391)	765,426
Segment profit	19,683	332	20,015	–	20,015
Segment assets	283,477	18,168	301,645	(20,834)	280,810
Other items					
Depreciation	14,952	14	14,966	–	14,966
Interest income	139	–	139	(8)	130
Interest expenses	184	9	193	(8)	185
Increase in property, plant and equipment and intangible assets (Note 5)	21,123	57	21,181	–	21,181

- Note: 1 Operating revenue is the total of net sales and receipts from operating revenue.
2 “Other” includes credit card business, etc.
3 Adjustments of segment assets, interest income and interest expenses are mainly from the elimination of transactions between the reportable segment (the Retail Business) and other.
4 Segment profit is adjusted to ordinary profit in the consolidated statement of income.
5 Other revenue includes real estate lease revenue based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).
6 Increases in property, plant, equipment and intangible assets do not include assets corresponding to asset retirement obligations, etc.

[Related information]

Fiscal year ended February 28, 2022

1. Information by product and service

This information is omitted because operating revenue from external customers in a single product or service category exceeds 90% of the operating revenue in the consolidated statement of income.

2. Information about geographical areas

(1) Operating revenue

Not applicable because there is no operating revenue from external customers outside Japan.

(2) Property, plant and equipment

Not applicable because the Company has no property, plant and equipment located outside Japan.

3. Information by major customer

This information is omitted because there is no external customer who accounts for 10% or more of the operating revenue in the consolidated statement of income.

Fiscal year ended February 28, 2023

1. Information by product and service

This information is omitted because operating revenue from external customers in a single product or service category exceeds 90% of the operating revenue in the consolidated statement of income.

2. Information about geographical areas

(1) Operating revenue

Not applicable because there is no operating revenue from external customers outside Japan.

(2) Property, plant and equipment

Not applicable because the Company has no property, plant and equipment located outside Japan.

3. Information by major customer

This information is omitted because there is no external customer who accounts for 10% or more of the operating revenue in the consolidated statement of income.

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended February 28, 2022

(Millions of yen)

	Reportable segments	Other	Corporate and eliminations	Total
	Retail Business			
Impairment losses	1,241	–	–	1,241

Fiscal year ended February 28, 2023

(Millions of yen)

	Reportable segments	Other	Corporate and eliminations	Total
	Retail Business			
Impairment losses	1,286	–	–	1,286

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended February 28, 2022

Not applicable.

Fiscal year ended February 28, 2023

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended February 28, 2022

Not applicable.

Fiscal year ended February 28, 2023

Not applicable.

Per share information

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net assets per share	¥2,353.44	¥2,599.79
Earnings per share	¥324.50	¥284.35

Note: 1. The amount of diluted earnings per share is not provided because there are no potential shares.
2. The basis for calculating net assets per share is as follows.

	As of February 28, 2022	As of February 28, 2023
Total net assets (Millions of yen)	110,299	122,002
Amounts deducted from total net assets (Millions of yen)	–	–
Amount of net assets related to ordinary shares at the end of the fiscal year (Millions of yen)	110,299	122,002
Number of ordinary shares at the end of the fiscal year used in the calculation of net assets per share (Shares)	46,867,298	46,928,014

3. The basis for calculating earnings per share is as follows.

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit attributable to owners of parent (Millions of yen)	15,208	13,327
Amount not attributable to ordinary shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to ordinary shares (Millions of yen)	15,208	13,327
Average number of ordinary shares during the fiscal year (Shares)	46,867,560	46,871,327

4. The Company's shares held by Custody Bank of Japan, Ltd. as trust assets for "Trust for Delivering Shares to Directors" are included in treasury shares deducted from the total number of shares issued at the end of the fiscal year for calculating net assets per share and are also included in treasury shares deducted from the average number of shares during the fiscal year for calculating earnings per share.

The number of such treasury shares deducted for calculating net assets per share is 90 thousand shares at the end of the previous fiscal year and 84 thousand shares at the end of the current fiscal year, and the average number of such treasury shares deducted for calculating earnings per share is 90 thousand shares for the previous fiscal year and 86 thousand shares for the current fiscal year.

Significant subsequent events

Not applicable.

4. Non-consolidated financial statements and significant notes thereto

(1) Balance sheet

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	9,663	8,783
Accounts receivable - trade	20,985	22,313
Merchandise	23,880	25,811
Supplies	231	203
Prepaid expenses	3,228	3,550
Accounts receivable - other	14,566	14,807
Other	6,043	6,229
Total current assets	78,599	81,700
Non-current assets		
Property, plant and equipment		
Buildings	84,062	89,242
Structures	2,586	2,689
Machinery and equipment	5,257	4,781
Vehicles	2	1
Furniture and fixtures	16,525	16,898
Land	39,256	39,614
Leased assets	0	-
Construction in progress	2,786	2,593
Total property, plant and equipment	150,479	155,820
Intangible assets		
Leasehold interests in land	1,197	1,238
Software	2,109	1,789
Other	170	167
Total intangible assets	3,478	3,195
Investments and other assets		
Investment securities	1,208	1,487
Shares of subsidiaries and associates	1,060	1,060
Long-term loans receivable	7,935	7,711
Long-term prepaid expenses	1,693	1,865
Deferred tax assets	6,755	6,128
Guarantee deposits	24,086	24,513
Other	44	36
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	42,741	42,761
Total non-current assets	196,699	201,776
Total assets	275,299	283,477

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	41,666	41,971
Short-term borrowings	38,500	44,120
Current portion of long-term borrowings	14,865	8,628
Lease liabilities	1,082	1,274
Accounts payable - other	13,804	10,215
Accrued expenses	4,015	4,201
Income taxes payable	3,890	2,314
Accrued consumption taxes	1,906	932
Deposits received	11,388	11,074
Provision for bonuses	2,549	2,758
Provision for sales promotion expenses	1,963	21
Contract liabilities	-	1,608
Asset retirement obligations	469	48
Other	918	928
Total current liabilities	137,020	130,096
Non-current liabilities		
Long-term borrowings	12,248	17,497
Long-term accounts payable - other	481	162
Lease liabilities	2,412	2,651
Deferred tax liabilities for land revaluation	969	951
Provision for retirement benefits	3,191	3,136
Provision for share awards for directors (and other officers)	56	43
Asset retirement obligations	5,014	5,350
Guarantee deposits received	2,936	2,815
Other	332	209
Total non-current liabilities	27,643	32,817
Total liabilities	164,664	162,914
Net assets		
Shareholders' equity		
Share capital	10,004	10,004
Capital surplus		
Legal capital surplus	2,501	2,501
Other capital surplus	3,127	3,195
Total capital surplus	5,628	5,696
Retained earnings		
Other retained earnings		
General reserve	83,620	94,320
Retained earnings brought forward	16,070	14,946
Total retained earnings	99,690	109,266
Treasury shares	(3,930)	(3,838)
Total shareholders' equity	111,392	121,129
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	357	588
Revaluation reserve for land	(1,114)	(1,154)
Total valuation and translation adjustments	(757)	(566)
Total net assets	110,634	120,563
Total liabilities and net assets	275,299	283,477

(2) Statement of income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Net sales	745,080	738,494
Cost of sales	514,356	508,911
Gross profit	230,724	229,582
Receipts from operating revenue	22,298	26,745
Operating gross profit	253,022	256,328
Selling, general and administrative expenses	230,214	237,467
Operating profit	22,808	18,860
Non-operating income		
Interest income	149	139
Dividend income	53	52
Income from recycling	291	366
Data offer fee	143	149
Other	401	375
Total non-operating income	1,039	1,084
Non-operating expenses		
Interest expenses	183	184
Other	107	76
Total non-operating expenses	291	261
Ordinary profit	23,556	19,683
Extraordinary income		
Gain on sale of non-current assets	–	3
Gain on sale of investment securities	249	–
Total extraordinary income	249	3
Extraordinary losses		
Impairment losses	1,241	1,286
Corporate funeral costs	–	45
Loss on retirement of non-current assets	187	32
Loss on store closings	89	3
Loss on COVID-19	70	–
Sublease loss	35	–
Loss on sale of investment securities	7	–
Total extraordinary losses	1,632	1,367
Profit before income taxes	22,173	18,318
Income taxes - current	6,661	4,815
Income taxes - deferred	445	525
Total income taxes	7,107	5,341
Profit	15,066	12,977

(3) Statement of changes in equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings		
					Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance at beginning of period	10,004	2,501	9,112	11,613	15	68,020	19,171	87,206	(9,914)	98,909
Cumulative effects of changes in accounting policies							-	-		-
Restated balance	10,004	2,501	9,112	11,613	15	68,020	19,171	87,206	(9,914)	98,909
Changes during period										
Reversal of reserve for special depreciation					(15)		15	-		-
Provision of general reserve						15,600	(15,600)	-		-
Dividends of surplus							(2,582)	(2,582)		(2,582)
Profit							15,066	15,066		15,066
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares										-
Cancellation of treasury shares			(5,984)	(5,984)					5,984	-
Reversal of revaluation reserve for land										-
Net changes in items other than shareholders' equity										
Total changes during period	-	-	(5,984)	(5,984)	(15)	15,600	(3,101)	12,483	5,984	12,482
Balance at end of period	10,004	2,501	3,127	5,628	-	83,620	16,070	99,690	(3,930)	111,392

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	375	(1,114)	(738)	98,170
Cumulative effects of changes in accounting policies				
Restated balance	375	(1,114)	(738)	98,170
Changes during period				
Reversal of reserve for special depreciation				–
Provision of general reserve				–
Dividends of surplus				(2,582)
Profit				15,066
Purchase of treasury shares				(0)
Disposal of treasury shares				–
Cancellation of treasury shares				–
Reversal of revaluation reserve for land				–
Net changes in items other than shareholders' equity	(18)		(18)	(18)
Total changes during period	(18)	–	(18)	12,464
Balance at end of period	357	(1,114)	(757)	110,634

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings		
					Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance at beginning of period	10,004	2,501	3,127	5,628		83,620	16,070	99,690	(3,930)	111,392
Cumulative effects of changes in accounting policies							80	80		80
Restated balance	10,004	2,501	3,127	5,628		83,620	16,150	99,770	(3,930)	111,473
Changes during period										
Reversal of reserve for special depreciation								-		-
Provision of general reserve						10,700	(10,700)	-		-
Dividends of surplus							(3,521)	(3,521)		(3,521)
Profit							12,977	12,977		12,977
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			68	68					92	161
Cancellation of treasury shares										-
Reversal of revaluation reserve for land							39	39		39
Net changes in items other than shareholders' equity										
Total changes during period	-	-	68	68	-	10,700	(1,204)	9,495	92	9,656
Balance at end of period	10,004	2,501	3,195	5,696	-	94,320	14,946	109,266	(3,838)	121,129

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	357	(1,114)	(757)	110,634
Cumulative effects of changes in accounting policies				80
Restated balance	357	(1,114)	(757)	110,715
Changes during period				
Reversal of reserve for special depreciation				–
Provision of general reserve				–
Dividends of surplus				(3,521)
Profit				12,977
Purchase of treasury shares				(0)
Disposal of treasury shares				161
Cancellation of treasury shares				–
Reversal of revaluation reserve for land				39
Net changes in items other than shareholders' equity	230	(39)	190	190
Total changes during period	230	(39)	190	9,847
Balance at end of period	588	(1,154)	(566)	120,563

5. Other

(1) Changes to officers

(i) Change of Representative Director

Not applicable.

(ii) Changes to other officers

- Changes to officers

Not applicable.

- Candidate for new Corporate Auditor

[Scheduled on May 25, 2023]

Auditor

Koji Shiono (Certified Tax Accountant)

*Mr. Koji Shiono is a candidate for outside Corporate Auditor.

- Retiring Director

[Scheduled on May 25, 2023]

Director & Senior Managing Executive Officer Toshiaki Namiki

- Retiring Corporate Auditor

[Scheduled on May 25, 2023]

Auditor

Junichi Hamahira

*Mr. Junichi Hamahira is an outside Corporate Auditor.