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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: Nitori Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Code number: 9843
 URL: <https://www.nitorihd.co.jp/>
 Representative: Toshiyuki Shirai President and Chief Operating Officer
 Contact: Masaomi Zenji Executive Officer, General Manager, Accounting and Finance Division
 Phone: +81-3-6741-1204
 Scheduled date of Annual General Meeting of Shareholders: June 20, 2024
 Scheduled date of commencing dividend payments: June 4, 2024
 Scheduled date of filing annual securities report: June 21, 2024
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------------|-------|------------------|-------|-----------------|-------|---|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2024 | 895,799 | (5.5) | 127,725 | (8.8) | 132,377 | (8.1) | 86,523 | (9.0) |
| March 31, 2023 | 948,094 | 16.8 | 140,076 | 1.3 | 144,085 | 1.6 | 95,129 | (1.6) |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 94,931 million [(5.0)%
 Fiscal year ended March 31, 2023: ¥ 99,881 million [(4.9)%]

| | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|-------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Fiscal year ended | Yen | Yen | % | % | % |
| March 31, 2024 | 765.62 | - | 10.1 | 11.2 | 14.3 |
| March 31, 2023 | 841.90 | - | 12.3 | 13.6 | 14.8 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 542 million
 Fiscal year ended March 31, 2023: ¥ 929 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|-----------------|-----------------|------------------------|----------------------|
| As of | Millions of yen | Millions of yen | % | Yen |
| March 31, 2024 | 1,238,679 | 896,308 | 72.4 | 7,931.07 |
| March 31, 2023 | 1,133,771 | 818,096 | 72.2 | 7,239.04 |

(Reference) Equity: As of March 31, 2024: ¥ 896,304 million
 As of March 31, 2023: ¥ 818,096 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 the end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| March 31, 2024 | 143,593 | (131,824) | (20,606) | 117,313 |
| March 31, 2023 | 91,398 | (132,538) | 36,903 | 125,115 |

2. Dividends

| | Annual dividends | | | | | Total dividends | Payout ratio (consolidated) | Dividends to net assets (consolidated) |
|--|------------------|-----------------|-----------------|----------|--------|-----------------|-----------------------------|--|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| March 31, 2023 | - | 73.00 | - | 73.00 | 146.00 | 16,534 | 17.3 | 2.1 |
| March 31, 2024 | - | 75.00 | - | 72.00 | 147.00 | 16,669 | 19.2 | 1.9 |
| Fiscal year ending March 31, 2025 (Forecast) | - | 76.00 | - | 76.00 | 152.00 | | 18.7 | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|--------------------------------------|-----------------|-----|------------------|-----|-----------------|-----|---|-----|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2024 | 456,100 | 9.4 | 56,700 | 2.8 | 58,500 | 2.8 | 40,200 | 5.7 | 393.76 |
| Full year | 960,000 | 7.2 | 129,600 | 1.5 | 134,000 | 1.2 | 92,000 | 6.3 | 814.07 |

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2024: 114,443,496 shares

March 31, 2023: 114,443,496 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 1,431,638 shares

March 31, 2023: 1,431,761 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 113,011,881 shares

Fiscal Year ended March 31, 2023: 112,994,490 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| Fiscal year ended | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|-------------------|-----------------|--------|------------------|---|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| March 31, 2024 | 30,188 | (5.9) | (8,818) | - | 5,002 | (44.3) | 4,354 | 79.4 |
| March 31, 2023 | 32,078 | (46.1) | (6,997) | - | 8,983 | (77.3) | 2,426 | (93.5) |

| Fiscal year ended | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| | Yen | Yen |
| March 31, 2024 | 38.40 | - |
| March 31, 2023 | 21.45 | - |

(2) Non-consolidated Financial Position

| As of | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------|-----------------|-----------------|------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| March 31, 2024 | 576,173 | 406,797 | 70.6 | 3,587.30 |
| March 31, 2023 | 595,267 | 416,523 | 70.0 | 3,673.07 |

(Reference) Equity: As of March 31, 2024: ¥ 406,797 million
As of March 31, 2023: ¥ 416,523 million

* Financial results reports are not subjected to reviews.

*Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 131,928 | 137,943 |
| Notes and accounts receivable - trade | 57,408 | 79,247 |
| Merchandise and finished goods | 112,401 | 101,206 |
| Work in process | 479 | 520 |
| Raw materials and supplies | 7,496 | 6,802 |
| Other | 20,641 | 22,018 |
| Allowance for doubtful accounts | (1) | (2) |
| Total current assets | 330,353 | 347,736 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 422,887 | 490,324 |
| Accumulated depreciation | (219,531) | (234,477) |
| Buildings and structures, net | 203,356 | 255,847 |
| Machinery, equipment and vehicles | 20,792 | 25,531 |
| Accumulated depreciation | (13,978) | (16,072) |
| Machinery, equipment and vehicles, net | 6,813 | 9,458 |
| Tools, furniture and fixtures | 29,773 | 34,037 |
| Accumulated depreciation | (18,417) | (20,237) |
| Tools, furniture and fixtures, net | 11,356 | 13,799 |
| Land | 377,009 | 403,228 |
| Leased assets | 4,414 | 4,408 |
| Accumulated depreciation | (2,894) | (3,163) |
| Leased assets, net | 1,519 | 1,244 |
| Right of use assets | 15,333 | 18,632 |
| Accumulated depreciation | (4,203) | (6,637) |
| Right of use assets, net | 11,129 | 11,995 |
| Construction in progress | 38,294 | 41,323 |
| Total property, plant and equipment | 649,479 | 736,897 |
| Intangible assets | | |
| Goodwill | 19,619 | 17,060 |
| Software | 5,267 | 4,128 |
| Software in progress | 1,740 | 3,463 |
| Leasehold interests in land | 6,272 | 6,406 |
| Other | 107 | 102 |
| Total intangible assets | 33,005 | 31,162 |
| Investments and other assets | | |
| Investment securities | 39,089 | 42,439 |
| Long-term loans receivable | 562 | 520 |
| Guarantee deposits | 16,893 | 16,646 |
| Leasehold deposits | 30,313 | 30,982 |
| Deferred tax assets | 21,765 | 21,513 |
| Other | 12,379 | 10,851 |
| Allowance for doubtful accounts | (72) | (72) |
| Total investments and other assets | 120,932 | 122,882 |
| Total non-current assets | 803,417 | 890,942 |
| Total assets | 1,133,771 | 1,238,679 |

(Millions of yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 38,459 | 48,294 |
| Short-term borrowings | 83,068 | 107,557 |
| Lease obligations | 1,602 | 1,895 |
| Accounts payable - other | 24,058 | 45,933 |
| Income taxes payable | 28,351 | 20,366 |
| Contract liabilities | 23,774 | 29,091 |
| Provision for bonuses | 8,380 | 6,604 |
| Provision for point card certificates | 11 | 11 |
| Provision for shareholder benefit program | 422 | 318 |
| Provision for loss on business liquidation | 220 | - |
| Other | 13,419 | 16,264 |
| Total current liabilities | 221,769 | 276,336 |
| Non-current liabilities | | |
| Long-term borrowings | 57,330 | 30,000 |
| Lease liabilities | 4,598 | 4,519 |
| Provision for retirement benefits for directors (and other officers) | 228 | 145 |
| Retirement benefit liability | 5,886 | 5,558 |
| Asset retirement obligations | 14,800 | 14,748 |
| Other | 11,060 | 11,061 |
| Total non-current liabilities | 93,905 | 66,033 |
| Total liabilities | 315,674 | 342,370 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 13,370 | 13,370 |
| Capital surplus | 30,711 | 30,715 |
| Retained earnings | 771,743 | 841,541 |
| Treasury shares | (10,111) | (10,113) |
| Total shareholders' equity | 805,714 | 875,513 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,769 | 4,711 |
| Deferred gains or losses on hedges | (1,829) | - |
| Foreign currency translation adjustment | 12,479 | 15,816 |
| Remeasurements of defined benefit plans | (36) | 262 |
| Total accumulated other comprehensive income | 12,382 | 20,790 |
| Non-controlling interests | - | 4 |
| Total net assets | 818,096 | 896,308 |
| Total liabilities and net assets | 1,133,771 | 1,238,679 |

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | 948,094 | 895,799 |
| Cost of sales | 469,988 | 439,850 |
| Gross profit | 478,106 | 455,949 |
| Selling, general and administrative expenses | 338,029 | 328,223 |
| Operating profit | 140,076 | 127,725 |
| Non-operating income | | |
| Interest income | 638 | 1,323 |
| Dividend income | 275 | 521 |
| Foreign exchange gains | 853 | 680 |
| Share of profit of entities accounted for using equity method | 929 | 542 |
| Subsidy income | 298 | 180 |
| Vending machine income | 363 | 341 |
| Gain on sales of goods | 303 | 281 |
| Other | 1,097 | 1,477 |
| Total non-operating income | 4,760 | 5,349 |
| Non-operating expenses | | |
| Interest expenses | 401 | 521 |
| Other | 349 | 176 |
| Total non-operating expenses | 751 | 697 |
| Ordinary profit | 144,085 | 132,377 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 17 | 1,784 |
| Total extraordinary income | 17 | 1,784 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 139 | 25 |
| Impairment losses | 4,769 | 10,230 |
| Loss on change in equity | 61 | 0 |
| Provision for loss on business liquidation | 218 | - |
| Total extraordinary losses | 5,189 | 10,257 |
| Profit before income taxes | 138,913 | 123,904 |
| Income taxes - current | 47,503 | 39,293 |
| Income taxes - deferred | (3,720) | (1,912) |
| Total income taxes | 43,783 | 37,381 |
| Profit | 95,129 | 86,523 |
| Profit attributable to owners of parent | 95,129 | 86,523 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Profit | 95,129 | 86,523 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 542 | 2,941 |
| Deferred gains or losses on hedges | (1,829) | 1,829 |
| Foreign currency translation adjustment | 5,888 | 3,337 |
| Remeasurements of defined benefit plans, net of tax | 151 | 298 |
| Total other comprehensive income | 4,751 | 8,407 |
| Comprehensive income | 99,881 | 94,931 |
| Comprehensive income attributable to | | |
| Owners of parent | 99,881 | 94,931 |

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 13,370 | 26,814 | 692,768 | (7,771) | 725,181 |
| Changes during period | | | | | |
| Dividends of surplus | | | (16,154) | | (16,154) |
| Profit attributable to owners of parent | | | 95,129 | | 95,129 |
| Purchase of treasury shares | | | | (4,949) | (4,949) |
| Disposal of treasury shares | | 3,897 | | 2,608 | 6,505 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 3,897 | 78,975 | (2,340) | 80,532 |
| Balance at end of period | 13,370 | 30,711 | 771,743 | (10,111) | 805,714 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|------------------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 1,227 | - | 6,591 | (187) | 7,631 | 732,813 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (16,154) |
| Profit attributable to owners of parent | | | | | | 95,129 |
| Purchase of treasury shares | | | | | | (4,949) |
| Disposal of treasury shares | | | | | | 6,505 |
| Net changes in items other than shareholders' equity | 542 | (1,829) | 5,888 | 151 | 4,751 | 4,751 |
| Total changes during period | 542 | (1,829) | 5,888 | 151 | 4,751 | 85,283 |
| Balance at end of period | 1,769 | (1,829) | 12,479 | (36) | 12,382 | 818,096 |

For the fiscal year ended March 31, 2024

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 13,370 | 30,711 | 771,743 | (10,111) | 805,714 |
| Changes during period | | | | | |
| Dividends of surplus | | | (16,725) | | (16,725) |
| Profit attributable to owners of parent | | | 86,523 | | 86,523 |
| Purchase of treasury shares | | | | (2) | (2) |
| Disposal of treasury shares | | 3 | | 0 | 4 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 3 | 69,797 | (1) | 69,799 |
| Balance at end of period | 13,370 | 30,715 | 841,541 | (10,113) | 875,513 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,769 | (1,829) | 12,479 | (36) | 12,382 | - | 818,096 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (16,725) |
| Profit attributable to owners of parent | | | | | | | 86,523 |
| Purchase of treasury shares | | | | | | | (2) |
| Disposal of treasury shares | | | | | | | 4 |
| Net changes in items other than shareholders' equity | 2,941 | 1,829 | 3,337 | 298 | 8,407 | 4 | 8,411 |
| Total changes during period | 2,941 | 1,829 | 3,337 | 298 | 8,407 | 4 | 78,211 |
| Balance at end of period | 4,711 | - | 15,816 | 262 | 20,790 | 4 | 896,308 |

Consolidated Statements of Cash Flows

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 138,913 | 123,904 |
| Depreciation | 26,186 | 27,111 |
| Impairment losses | 4,769 | 10,230 |
| Amortization of goodwill | 2,772 | 2,559 |
| Increase (decrease) in allowance for doubtful accounts | (7) | 1 |
| Increase (decrease) in provision for bonuses | 3,874 | (1,810) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | - | (83) |
| Increase (decrease) in retirement benefit liability | 255 | 124 |
| Increase (decrease) in provision for point card certificates | (3,116) | (0) |
| Interest and dividend income | (913) | (1,844) |
| Interest expenses | 401 | 521 |
| Share of loss (profit) of entities accounted for using equity method | (929) | (542) |
| Loss (gain) on sale and retirement of non-current assets | 122 | (1,759) |
| Loss (gain) on change in equity | 61 | 0 |
| Increase (decrease) in provision for loss on business liquidation | 218 | - |
| Decrease (increase) in trade receivables | (39,324) | (24,050) |
| Decrease (increase) in inventories | (33,301) | 12,592 |
| Increase (decrease) in trade payables | (414) | 9,184 |
| Increase (decrease) in accounts payable - other | (4,864) | 11,935 |
| Increase (decrease) in contract liability | 23,799 | 5,246 |
| Increase (decrease) in accrued consumption taxes | 1,463 | 5,077 |
| Other, net | 4,235 | 9,859 |
| Subtotal | 124,202 | 188,257 |
| Interest and dividends received | 1,736 | 3,158 |
| Interest paid | (417) | (524) |
| Income taxes paid | (40,043) | (47,946) |
| Income taxes refund | 5,919 | 647 |
| Net cash provided by (used in) operating activities | 91,398 | 143,593 |

(Millions of yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (5,789) | (20,793) |
| Proceeds from withdrawal of time deposits | 2,502 | 7,193 |
| Purchase of property, plant and equipment | (113,933) | (118,664) |
| Proceeds from sale of property, plant and equipment | 17 | 3,263 |
| Purchase of intangible assets | (2,471) | (3,297) |
| Purchase of short-term and long-term investment securities | (11,989) | - |
| Proceeds from sale of short-term and long-term investment securities | 0 | 2 |
| Payments of guarantee deposits | (546) | (253) |
| Proceeds from refund of guarantee deposits | 2,010 | 1,395 |
| Payments of leasehold deposits | (2,681) | (1,644) |
| Proceeds from refund of leasehold deposits | 308 | 1,018 |
| Guarantee deposits received | 12 | 26 |
| Refund of guarantee deposits received | (247) | (231) |
| Proceeds from deposits received | 957 | 411 |
| Repayments of deposits received | (147) | (118) |
| Purchase of long-term prepaid expenses | (762) | (380) |
| Loan advances | - | (0) |
| Proceeds from collection of loans receivable | 202 | 248 |
| Other, net | 18 | (0) |
| Net cash provided by (used in) investing activities | (132,538) | (131,824) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 40,000 | 40,222 |
| Repayments of long-term borrowings | (35,068) | (43,068) |
| Proceeds from long-term borrowings | 50,000 | - |
| Repayments of lease liabilities | (1,961) | (1,044) |
| Purchase of treasury shares | (2) | (2) |
| Dividends paid | (16,064) | (16,713) |
| Net cash provided by (used in) financing activities | 36,903 | (20,606) |
| Effect of exchange rate change on cash and cash equivalents | 2,276 | 1,035 |
| Net increase (decrease) in cash and cash equivalents | (1,960) | (7,801) |
| Cash and cash equivalents at beginning of period | 127,076 | 125,115 |
| Cash and cash equivalents at end of period | 125,115 | 117,313 |