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Consolidated Financial Results for the Three Months Ended May 31, 2024 (Under Japanese GAAP)

July 12, 2024

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Listings Tokyo Stock Exchange, Fukuoka Stock Exchange
Security code 8203
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Scheduled dates:

Submission of statutory quarterly financial report July 12, 2024
Commencement of dividend payments —
Supplementary materials to the quarterly results No
Quarterly earnings results briefing No

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Three Months Ended May 31, 2024 (March 1, 2024 to May 31, 2024)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended May 31, 2024	32,199	4.0	844	16.6	855	22.6	541	17.1
Three months ended May 31, 2023	30,954	0.8	724	(41.4)	697	(42.1)	462	(42.3)

Note: Comprehensive income: Three months ended May 31, 2024: 579 million yen [31.3%]
Three months ended May 31, 2023: 441 million yen [(44.3)%]

	Earnings per share		Earnings per share – fully diluted	
	yen		yen	
Three months ended May 31, 2024	16.29		—	
Three months ended May 31, 2023	13.92		—	

(2) Financial Position

	Total assets		Net assets		Total equity ratio	
	million yen		million yen		%	
May 31, 2024	86,318		34,110		39.5	
February 29, 2024	83,511		34,129		40.9	

Reference: Total equity: May 31, 2024: 34,110 million yen February 29, 2024: 34,129 million yen

2. Dividends

	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
Year ended February 29, 2024	—	0.00	—	18.00	18.00
Year ending February 28, 2025	—				
Year ending February 28, 2025 (forecast)		0.00	—	20.00	20.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(Percentage figures represent year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	67,000	2.3	2,000	5.3	1,900	2.6	1,300	8.7	39.10
Full year	132,000	1.9	3,300	9.2	3,200	10.0	2,200	(10.0)	66.16

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Changes affecting the consolidation status of significant subsidiaries during the period: None

Newly included: — (company name), Excluded: — (company name)

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements:

1) Changes in accounting policies in accordance with amendments to accounting standards: None

2) Changes other than the above 1): None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury shares):

May 31, 2024: 39,611,134 shares

February 29, 2024: 39,611,134 shares

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

May 31, 2024: 6,362,329 shares

February 29, 2024: 6,362,036 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2024: 33,248,996 shares

Three months ended May 31, 2023: 33,222,162 shares

*Quarterly review status

This report is exempt from a quarterly review by a certified public accountant or audit firm.

*Appropriate Use of Earnings Forecasts and Other Important Information

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. The actual results may differ materially from the above forecasts due to a range of factors. For the assumptions underlying the earnings forecasts and important notes on the use of the earnings forecasts, please refer to page 2 of the accompanying materials.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

During the first three months of the fiscal year under review (March 1, 2024 to May 31, 2024), the Japanese economy was expected to follow a moderate recovery path with the employment and income conditions improving. On the other hand, however, the economic outlook remained uncertain mainly due to a continued rise in prices resulting from prolonged instability in Ukraine and the Middle East, fluctuations in foreign currencies, and the impact of prices of raw materials and energy.

In such an environment, the Group fully implemented as an operator of general discount stores our EDLP (Everyday Low Price) strategy of selling living necessities in the main at low prices every day under the management philosophy of “making everyday life of customers richer, more convenient, and more fun” while focusing on our EDLC (Everyday Low Cost) strategy to support EDLP. With prices continuing to surge, the Group was pushing forward with continued efforts to contribute to the everyday lives of its customers through measures such as price reduction plans and an apps campaign.

Sales from all stores for the three months under review were 30,871 million yen (up 4.0% year on year). In terms of products, detergents for clothes, pesticide, and paper diapers, as well as pet foods and others, which were promoted by the apps campaign and low-price promotions, remained firm, resulting in customers appreciating the Group’s low prices with value. Growth was reported in sales of home appliances, kitchen goods, and interior offerings, and we stepped up sales efforts to accommodate the demand in April, when many people move and start new lives in new residences. Regarding PB products, sales of rice, paper products, pet goods and others grew by 12.8% from a year earlier.

As a result, the operating revenue (which consists of net sales, real estate lease revenue, and other operating revenue) for the first three months of the fiscal year under review was 32,199 million yen, exceeding the results of the previous year (up 4.0% year on year). Sales of existing stores also made a 4.5% year-on-year increase.

Gross profit was 6,770 million yen (up 3.6% year on year), increasing from a year earlier. The gross profit margin fell by 0.1% year on year to 21.9% despite our effort to reshuffle merchandise assortment and reinforce PB products, which are highly profitable, in the face of the weak yen and the continued surge in costs.

In terms of cost, selling, general and administrative expenses were 7,254 million yen (up 2.4% year on year), resulting from increases in personnel costs and cashless payment charges.

As a result, the Company posted an operating profit of 844 million yen (up 16.6% year on year), an ordinary profit of 855 million yen (up 22.6% year on year) and a profit attributable to owners of parent of 541 million yen (up 17.1% year on year). For the upcoming three months and beyond, we will continue to improve our financial performance by expanding PB products, renovating stores and refining and spreading the e-commerce business with the aim of enabling as many customers as possible to benefit from Mr Max’s low prices and convenience.

(2) Consolidated Financial Condition

(Total assets)

Current assets as of May 31, 2024 were 22,208 million yen, an increase of 3,047 million yen from the end of the previous fiscal year (February 28, 2023). The increase is mainly attributable to an increase of 3,080 million yen in merchandise. Non-current assets were 64,109 million yen, a decrease of 240 million yen from the end of the previous fiscal year. The decrease is mainly attributable to a decrease of 103 million yen in guarantee deposits.

As a result, total assets were 86,318 million yen, an increase of 2,806 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of May 31, 2024 were 30,139 million yen, an increase of 3,355 million yen from the end of the previous fiscal year (February 28, 2023). The increase is mainly attributable to an increase of 2,094 million yen in notes and accounts payable - trade. Non-current liabilities were 22,067 million yen, a decrease of 529 million yen from the end of the previous fiscal year. The decrease is mainly attributable to a decrease of 1,500 million yen in long-term borrowings.

As a result, liabilities were 52,207 million yen, an increase of 2,825 million yen from the end of the previous fiscal year.

(Net assets)

Net assets as of May 31, 2024 were 34,110 million yen, a decrease of 18 million from the end of the previous fiscal year (February 28, 2023). The decrease is mainly attributable to a decrease of 56 million yen in retained earnings.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the fiscal year ending February 28, 2025 is unchanged from the forecast announced on April 11, 2024.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

	As of February 29, 2024	As of May 31, 2024
(Millions of yen)		
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Assets		
Current assets		
Cash and deposits	2,389	1,830
Accounts receivable - trade	3,467	3,906
Merchandise	11,862	14,943
Supplies	43	41
Other	1,399	1,486
Total current assets	19,161	22,208
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,355	14,087
Land	30,115	30,115
Other, net	4,067	4,026
Total property, plant and equipment	48,538	48,229
Intangible assets	1,561	1,531
Investments and other assets		
Guarantee deposits	6,871	6,768
Other	7,413	7,614
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	14,251	14,348
Total non-current assets	64,350	64,109
Total assets	83,511	86,318

	As of February 29, 2024	As of May 31, 2024
(Millions of yen)		
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Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,313	10,408
Electronically recorded obligations - operating	6,830	7,129
Short-term borrowings	—	1,200
Current portion of long-term borrowings	5,920	5,758
Current portion of bonds payable	286	586
Income taxes payable	791	439
Provision for bonuses	725	952
Other	3,916	3,665
Total current liabilities	26,784	30,139
Non-current liabilities		
Bonds payable	1,142	2,199
Long-term borrowings	13,261	11,760
Retirement benefit liability	917	925
Asset retirement obligations	1,572	1,577
Other	5,703	5,604
Total non-current liabilities	22,597	22,067
Total liabilities	49,382	52,207
Net assets		
Shareholders' equity		
Share capital	10,229	10,229
Capital surplus	7,992	7,992
Retained earnings	18,159	18,102
Treasury shares	(2,580)	(2,580)
Total shareholders' equity	33,800	33,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	232	273
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustment	5	6
Remeasurements of defined benefit plans	86	86
Total accumulated other comprehensive income	328	366
Total net assets	34,129	34,110
Total liabilities and net assets	83,511	86,318

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	Three months ended May 31, 2023	Three months ended May 31, 2024
	(Millions of yen)	
Net sales	29,684	30,871
Cost of sales	23,148	24,101
Gross profit	6,535	6,770
Operating revenue		
Real estate lease revenue	960	989
Other operating revenue	309	338
Total operating revenue	1,270	1,328
Operating gross profit	7,806	8,098
Selling, general and administrative expenses		
Selling expenses	1,539	1,552
General and administrative expenses	5,541	5,701
Total selling, general and administrative expenses	7,081	7,254
Operating profit	724	844
Non-operating income		
Interest income	6	5
Subsidy income	—	39
Other	12	28
Total non-operating income	19	73
Non-operating expenses		
Interest on bonds	0	1
Interest expenses	33	31
Other	12	29
Total non-operating expenses	46	62
Ordinary profit	697	855
Extraordinary income		
Gain on sale of investment securities	4	—
Total extraordinary income	4	—
Extraordinary losses		
Loss on retirement of non-current assets	40	8
Total extraordinary losses	40	8
Profit before income taxes	661	847
Income taxes - current	315	424
Income taxes - deferred	(116)	(119)
Total income taxes	198	305
Profit	462	541
Profit attributable to owners of parent	462	541

(Consolidated Statement of Comprehensive Income)

	Three months ended May 31, 2023	(Millions of yen) Three months ended May 31, 2024
Profit	462	541
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	41
Deferred gains or losses on hedges	1	(3)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	2	(0)
Total other comprehensive income	(20)	38
Comprehensive income	441	579
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	441	579
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes on the Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Significant Subsequent Events)

Not applicable