

Summary of Financial Results for the Fiscal Year Ended August 31, 2020 [Japan GAAP] (Consolidated)

October 13, 2020

Listed on the TSE

Company **Watts Co., Ltd.**
 Stock Code 2735 URL: <https://www.watts-jp.com/>
 Representative Fumio Hiraoka, President and CEO
 Contact Hidehito Mori,
 Executive Managing Director, Head of Corporate Planning Office

T E L: +81-6-4792-3280

Expected date of annual shareholders' meeting: November 25, 2020 Expected starting date of dividend payment: November 26, 2020
 Expected date of filing of annual securities report: November 25, 2020
 Preparation of supplementary financial document: Yes
 Results briefing: Yes (for institutional investors)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended August 2020 (September 1, 2019 through August 31, 2020)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Aug. 2020	52,795	2.7	1,768	146.7	1,731	163.9	774	997.3
Year ended Aug. 2019	51,399	3.9	716	-28.4	656	-36.8	70	-88.9

(Note) Comprehensive income:

Fiscal year ended August 2020: 749 million yen (-%)

Fiscal year ended August 2019: -28 million yen (-%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Year ended Aug. 2020	57.80	-	7.5	8.0	3.4
Year ended Aug. 2019	5.26	-	0.7	3.2	1.4

(Reference) Investment earnings/loss on equity-method:

Fiscal year ended August 2020: -47 million yen

Fiscal year ended August 2019: 1 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Aug. 2020	21,544	10,481	48.7	782.34
As of Aug. 2019	21,557	9,867	47.1	757.62

(Reference) Shareholders' equity:

As of August 2020: 10,481 million yen

As of August 2019: 10,150 million yen

(3) Consolidated results of 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
	Million yen	Million yen	Million yen	Million yen
Year ended Aug. 2020	922	-526	106	6,591
Year ended Aug. 2019	2,279	-832	-510	6,075

2. Dividends

	Annual dividend					Total dividends (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Aug. 2019	-	0.00	-	10.00	10.00	134	190.1	1.3
Year ended Aug. 2020	-	0.00	-	15.00	15.00	201	26.0	1.9
Year ending Aug. 2021 (forecast)	-	0.00	-	15.00	15.00		27.2	

3. Forecast of consolidated business results for the fiscal year ending August 2021

(September 1, 2020 through August 31, 2021) (% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Feb. 2021	24,940	-4.0	400	-49.1	370	-52.8	330	-21.5	24.63
Year ending Aug. 2021	50,960	-3.5	1,090	-38.4	1,040	-39.9	740	-4.4	55.23

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Excluded: 1 (Shanghai Watts Trade And Sales Co., Ltd.)

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

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of August 2020 13,958,800 shares

As of August 2019 13,958,800 shares

② Treasury stock at the end of period:

As of August 2020 560,874 shares

As of August 2019 560,874 shares

③ Average number of stock during period

Fiscal year ended August 2020 13,397,926 shares

Fiscal year ended August 2019 13,419,246 shares

(Note) The number of treasury stock at the end of period includes the Company's shares held by the share issuance trust for directors (FY8/20: 60,000 shares, FY8/19: 60,000 shares). In addition, the Company's shares owned by the share issuance trust for directors are included in treasury stock deducted for calculation of the average number of shares during period (FY8/20: 60,000 shares, FY8/19: 60,000 shares).

* **Financial summary is not subject to the auditing procedures by certified public accountants or auditing firms**

* **Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution concerning forward-looking statements)

The forward-looking statements regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. Therefore, the Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

Please refer to "(4) future outlook" of "1. Results of operations" on page 4 for the suppositions that form the assumptions for business forecasts and cautions concerning the use of business forecasts.

1. Results of Operations.....	2
(1) Overview of operating results for the current fiscal year.....	2
(2) Overview of financial position for the current fiscal year.....	3
(3) Overview of cash flows for the current fiscal year.....	3
(4) Future outlook.....	4
2. Basic policy regarding selection of accounting standards.....	4
3. Consolidated Financial Statements.....	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Statements of Comprehensive Income.....	7
(Consolidated Statements of Income).....	7
(Consolidated Statements of Comprehensive Income).....	8
(3) Consolidated Statements of Changes in Net Assets.....	9
(4) Consolidated Statements of Cash Flows.....	11
(5) Notes to consolidated financial statements.....	12
(Notes on going concern assumption).....	12
(Changes in reporting method).....	12
(Segment information).....	12
(Per share information).....	12
(Important subsequent events).....	12
4. Other	
(1) Changes in Directors.....	13
(2) Sales.....	13

1. Results of Operations

(1) Overview of operating results for the current fiscal year

During the fiscal year ended August 2020, the Japanese economy underwent a major change around February. Following the declaration of a State of Emergency in April due to the spread of the new coronavirus (COVID-19), which was an unexpected at the beginning of the fiscal year, in Japan and overseas, there were growing mood for restraint on going out due to following factors: promotion of telework, temporary closure of commercial facilities, restaurants and schools, cancellation of various events. As a result, consumer spending significantly decreased excepting special demand for stay-at-home products during pandemic. The overall environment for corporate activities was also challenging, due to factors such as the uncertainties over the containment of COVID-19, a significant decrease in real exports due to the stalled overseas economies and loss of inbound tourists demand, and sluggish capital investment. As a result, real GDP in the April-June 2020 period recorded an annualized decline of 28.1% year on year, the largest post-war decline since the Global Financial Crisis.

Even after the State of Emergency was lifted on May 25, companies and individuals continue to search for ways to balance socioeconomic activities with measures to prevent infection under the New Normal society.

Given this environment, in addition to the 100-Yen shop business in Japan, the Company, which operates the “Watts”, “Watts with”, “meets.”, “silk”, etc., has been working on diversifying its revenue sources by undertaking other domestic businesses, centering on the sale of life-style goods and discount goods as well as overseas business.

In the domestic 100-Yen shop business, the Company has introduced products with prices higher than 100 yen (from 200 yen to 1,000 yen), as well as the adoption for the new rule to charge for plastic bags and QR code payment. In addition, the Company launched the Watts Online Shop and conducted a collaborative project with RODY to commemorate its 25th anniversary.

As for the new shop openings, the Company opened 129 shops against the full-year plan of 140 shops. There were 81 shop closings (including 3 franchised shops), including certain unprofitable shops and unpredictable closing of shops where the Company’s shops were located in. As a result, the total number of 100-Yen shops at the end of the current fiscal year was 1,240, which includes 1,215 directly managed shops (net increase of 51), and 25 franchised/other shops (net decrease of 3).

Of these, the number of “Watts” and “Watts with”, the Watts brand shops, increased to 639 (net increase of 119), accounting for more than half of the total.

As for the number of the domestic other shops at the end of the fiscal year, “Buona Vita,” a life-style goods shop offering comfortable life, was 21 shops (net increase of 1). It is working on sales promotion activities using LINE@ and improving the employees' wrapping skills.

“Søstrene Grene”, a Denmark’s life-style variety shop, was 4 shops (net decrease of 1), but the Company has decided to withdraw from this business and is preparing to close these shops. The number of “Value-100,” the fresh-foods supermarket collaboration and “Real,” the discount shop, remain unchanged with 1 shop and 6 shops, respectively.

Regarding the overseas operation, the Company operates “KOMONOYA”, a fixed-price shop mainly in Southeast Asia. At the end of the current fiscal year, “KOMONOYA” operates 50 shops in Thailand (net increase of 1), 2 shops in Malaysia (net decrease of 6), 5 shops in Vietnam (net decrease of 4), and 20 shops in Peru (unchanged). In China, a fixed price shop “小物家园”(KOMONOKAEN) was 6 shops (net increase of 4). The total number of own-brand shops “KOMONOYA” and “小物家园”(KOMONOKAEN) was 83 (net decrease of 5).

Overseas sales declined due to the impact of temporary store closures caused by the spread of COVID-19.

100-Yen shop same-store sales were strong due to the effect of introducing products with prices higher than 100 yen and the growth in sales of hygiene products, handicrafts, and confectionery products due to countermeasures against COVID-19 and special demand for stay-at-home products during pandemic. As a result, for the current fiscal year, sales were 52,795 million yen (up 2.7% YoY, 100.9% to the plan), operating profit was 1,768 million yen (up 146.7% YoY, 119.5% to the plan), and ordinary profit was 1,731 million yen (up 163.9% YoY, 121.1% to the plan).

Net income attributable to owners of parent was 774 million yen (up 997.3% YoY, 133.5% to the plan), mainly due to the transfer of a local subsidiary in China and the recording of a loss on business liquidation associated with the withdrawal from the business of Hillmar Japan Co., Ltd. (*Year on year: comparison with the results for the previous fiscal year. Ratio to plan: ratio to the consolidated business forecasts for the fiscal year ended August 2020 which were announced in the “Notice Concerning Revision to Business Forecast” on July 10, 2020.)

Since the Group operates under a single segment consisting of the operation of 100-Yen shops associated business, segment information is omitted.

(2) Overview of financial position for the current fiscal year

(Assets)

As of the end of the current fiscal year ended August 2020, current assets stood at 16,416 million yen, an increase of 316 million yen compared with the end of the previous fiscal year. This was mainly due to an increase of 516 million yen in cash and deposits despite a decrease of 195 million yen in notes and accounts receivable-trade.

Noncurrent assets stood at 5,128 million yen, a decrease of 329 million yen compared with the end of the previous fiscal year. This was mainly due to decreases of 182 million yen in guarantee deposits, 105 million yen in tools, furniture and fixtures, and 48 million yen in buildings and structures.

As a result, total assets stood at 21,544 million yen, a decrease of 13 million yen compared with the end of the previous fiscal year.

(Liabilities)

As of the end of the current fiscal year ended August 2020, current liabilities stood at 9,661 million yen, a decrease of 713 million yen compared with the end of the previous fiscal year. This was mainly due to a decrease of 1,217 million yen in notes and accounts payable-trade, despite increases of 289 million yen in accrued consumption taxes and 249 million yen in current portion of long-term loans payable.

Noncurrent liabilities stood at 1,401 million yen, increased by 85 million yen from the end of the previous fiscal year. This was mainly due to increases of 40 million yen in asset retirement obligations and 32 million yen in provision for directors' stock-based benefits.

As a result, total liabilities stood at 11,062 million yen, a decrease of 627 million yen compared with the end of the previous fiscal year.

(Net assets)

As of the end of the current fiscal year ended August 2020, net assets stood at 10,481 million yen, an increase of 614 million yen compared with the end of the previous fiscal year. This is mainly because retained earnings increased by 639 million yen. As a result, shareholders' equity ratio stood at 48.7% (47.1% at the end of the previous fiscal year).

(3) Overview of cash flows for the current fiscal year

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year ended August 2020 amounted to 6,591 million yen, an increase of 516 million yen compared with the previous fiscal year.

Details and breakdown of each cash flow in the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 922 million yen (2,279 million yen was provided in the previous fiscal year). Cash was provided mainly by income before income taxes of 1,096 million yen, depreciation and amortization of 413 million yen, an increase in accrued consumption taxes of 325 million yen, and loss on business liquidation of 310 million yen. Cash was used mainly for a decrease of 1,112 million yen in accounts payable due to the fact that the last day of the previous fiscal year was a financial institution holiday.

(Cash flows from investing activities)

Net cash used in investing activities was 526 million yen (832 million yen was used in the previous fiscal year). This was mainly due to purchase of tangible fixed assets of 431 million yen for new shop openings and purchase of intangible assets of 110 million yen associated with the renewal of the core system.

(Cash flows from financing activities)

Net cash provided by financing activities was 106 million yen (510 million yen was used in the previous fiscal year). This was mainly due to proceeds from long-term loans payable of 838 million yen, repayments of long-term loans payable of 591 million yen, and cash dividends paid of 134 million yen.

(4) Future outlook

Consumer spending is expected to recover after bottoming out in the April-June period, partly due to the effects of policies such as the provision of special cash payments and the "Go To Travel Campaign"; however, it will take some time for consumer spending to fully recover, as it also depends on the establishment of fundamental treatments such as the development of a vaccine and the recovery of the employment environment. Corporate activities are expected to bottom out at the same time and gradually recover in line with the recovery of domestic and foreign economic activity, but there will be variations by industry. However, there are uncertainties, such as the possibility that the impact of the escalating conflict between the U.S. and China will appear and re-spread of COVID-19 pandemic, so the situation does not allow for optimism.

Given this situation, the Group continues to make every effort to offer value-for-money products by investing accumulated earnings in product development, through low-cost opening and closing of shops and low-cost shop operations. Furthermore, to meet the diversified consumer needs, the Group will continue to aim for being the 100-Yen shop where customers can find a value of more than 100 yen.

Furthermore, with the aim of building a new revenue source to complement the 100-Yen shop business, the Group is actively working on developing lines like "Buona Vita" and "Real", to provide the new driving force for further growth in the future.

As for the overseas business that is expected to grow greatly in the future, the Company will strive to expand existing business and develop new markets, in order to further expand the sales share within the Group and to earn profits.

With regard to the impact of COVID-19, the 100-Yen shop business performed well during the current fiscal year, mainly owing to the special demand for stay-at-home products during pandemic. For the next fiscal year, the Company expects 100-Yen shop same-store sales to be 96.0% of the previous fiscal year, partly due to the reactionary decline.

Based on the above, the Company forecasts the following consolidated operating results in the next fiscal year: sales of 50,960 million yen (down 3.5% year on year), operating profit of 1,090 million yen (down 38.4% year on year), recurring profit of 1,040 million yen (down 39.9% year on year) and net income attributable to owners of parent of 740 million yen (down 4.4% year on year).

(Reference) Cash flow indicators

	FY8/16	FY8/17	FY8/18	FY8/19	FY8/20
Equity ratio (%)	50.1	49.7	52.2	47.1	48.7
Market value equity ratio (%)	70.3	88.0	64.5	38.3	58.5
Interest-bearing debt to cash flows ratio (years)	1.7	1.3	1.7	0.4	1.4
Interest coverage ratio (times)	148.8	284.3	157.9	522.6	197.5

(Notes) Equity ratio: Equity/Total assets

Market value equity ratio: Total market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

1. Total market capitalization is calculated by multiplying closing stock price at the end of the period by the total number of shares issued at the end of the period (excluding treasury stock).
2. Net cash provided by operating activities in the consolidated statements of cash flows is used as 'Operating cash flow.'
3. Interest-bearing debt includes all debt on which interest is paid reported on the consolidated balance sheet.
4. For interest payment, interest expenses paid in the consolidated statements of cash flows are used.

2. Basic policy regarding selection of accounting standards

In order to secure comparability with domestic peer companies, the Company applies Japanese accounting standards.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (August 31, 2019)	Current fiscal year (August 31, 2020)
Assets		
Current assets		
Cash and deposits	6,075,315	6,591,348
Notes and accounts receivable-trade	2,535,234	2,340,081
Merchandise and finished goods	7,081,181	7,114,726
Raw materials and supplies	7,571	15,339
Consumption taxes receivable	98,166	57,652
Other	359,194	320,877
Allowance for doubtful accounts	-57,258	-23,849
Total current assets	16,099,405	16,416,177
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,846,084	2,021,501
Accumulated depreciation and impairment loss	-1,066,489	-1,290,640
Buildings and structures, net	779,594	730,860
Vehicles	23,480	19,860
Accumulated depreciation and impairment loss	-15,053	-14,252
Vehicles, net	8,427	5,607
Tools, furniture and fixtures	3,566,030	3,637,146
Accumulated depreciation and impairment loss	-2,873,042	-3,049,711
Tools, furniture and fixtures, net	692,988	587,435
Land	257,800	257,800
Leased assets	27,623	27,623
Accumulated depreciation and impairment loss	-14,058	-19,879
Leased assets, net	13,564	7,744
Construction in progress	28,319	19,162
Total property, plant and equipment	1,780,694	1,608,611
Intangible assets		
Other	147,681	227,932
Total intangible assets	147,681	227,932
Investments and other assets		
Investment securities	462,938	436,438
Deferred tax assets	373,215	406,098
Guarantee deposits	2,498,717	2,316,365
Other	202,091	143,227
Allowance for doubtful accounts	-6,946	-10,166
Total investments and other assets	3,530,016	3,291,964
Total noncurrent assets	5,458,392	5,128,507
Total assets	21,557,797	21,544,684

(Thousands of yen)

	Previous fiscal year (August 31, 2019)	Current fiscal year (August 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,696,346	3,479,165
Electronically recorded obligations	3,589,730	3,686,438
Current portion of long-term loans payable	434,366	684,324
Income taxes payable	245,379	169,097
Accrued consumption taxes	110,152	399,903
Loss on liquidation of business	32,163	75,596
Provision for bonuses	187,223	203,687
Provision for directors' bonuses	-	17,900
Other	1,080,003	945,519
Total current liabilities	10,375,364	9,661,633
Noncurrent liabilities		
Long-term loans payable	572,851	569,688
Liabilities relating to retirement benefits	276,781	297,928
Provision for directors' retirement benefits	24,735	27,772
Provision for directors' stock-based benefits	32,721	65,245
Asset retirement obligations	152,399	192,735
Other	255,893	247,987
Total noncurrent liabilities	1,315,382	1,401,358
Total liabilities	11,690,746	11,062,992
Net assets		
Shareholders' equity		
Capital stock	440,297	440,297
Capital surplus	1,637,636	1,354,136
Retained earnings	8,325,881	8,965,680
Treasury stock	-273,120	-273,120
Total shareholders' equity	10,130,694	10,486,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,411	15,857
Foreign currency translation adjustment	14,443	-21,158
Total accumulated other comprehensive income	19,855	-5,301
Non-controlling interests	-283,500	-
Total net assets	9,867,050	10,481,692
Total liabilities and net assets	21,557,797	21,544,684

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

(Thousands of yen)

	Previous fiscal year (from September 1, 2018 to August 31, 2019)	Current fiscal year (from September 1, 2019 to August 31, 2020)
Sales	51,399,073	52,795,694
Cost of sales	32,061,822	32,580,148
Gross profit	19,337,251	20,215,545
Selling, general and administrative expenses	18,620,307	18,446,842
Operating profit	716,943	1,768,703
Non-operating revenues		
Interest income	10,021	6,512
Dividends income	996	915
Equity in earnings of affiliates	1,760	-
Royalty income	5,392	5,405
Compensation income	7,308	26,922
Subsidy income	-	35,542
Other	6,796	18,730
Total non-operating income	32,275	94,028
Non-operating expenses		
Interest expenses	6,415	6,723
Early-withdrawal penalty	49,277	52,371
Equity in losses of affiliates	-	47,540
Exchange loss	34,949	17,485
Other	2,527	7,465
Total non-operating expenses	93,169	131,585
Recurring profit	656,050	1,731,147
Extraordinary income		
Surrender value of insurance	-	1,260
Gain on sales of noncurrent assets	-	362
Insurance income	-	25,138
Total extraordinary income	-	26,761
Extraordinary loss		
Loss on retirement of noncurrent assets	20,678	4,879
Impairment loss	197,643	205,031
Loss on liquidation of business	59,368	426,904
Loss due to disaster	-	24,791
Total extraordinary losses	277,690	661,605
Income before income taxes and minority interests	378,359	1,096,302
Income taxes-current	386,050	361,974
Income taxes-deferred	20,715	-40,050
Total income taxes	406,765	321,924
Net income (loss)	-28,405	774,378
Net loss attributable to non-controlling interests	-98,980	-
Net income attributable to owners of parent	70,574	774,378

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (from September 1, 2018 to August 31, 2019)	Current fiscal year (from September 1, 2019 to August 31, 2020)
Net income (loss)	-28,405	774,378
Other comprehensive income		
Valuation difference on available-for-sale securities	-15,070	10,445
Foreign currency translation adjustment	-3,048	-33,588
Share of other comprehensive income of associates accounted for using equity method	18,375	-2,012
Total other comprehensive income	256	-25,156
Comprehensive income	-28,149	749,221
(Breakdown)		
Comprehensive income attributable to owners of parent	70,830	749,221
Comprehensive income attributable to non-controlling interests	-98,980	-

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (from September 1, 2018 to August 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	440,297	1,637,636	8,459,425	-137,991	10,399,368
Changes of items during the period					
Dividends from surplus			-204,118		-204,118
Net income attributable to owners of parent			70,574		70,574
Acquisition of treasury stock				-135,128	-135,128
Net change in items other than shareholders' equity					
Total changes of items during the period	-	-	-133,544	-135,128	-268,673
Balance at the end of current period	440,297	1,637,636	8,325,881	-273,120	10,130,694

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	20,482	-883	19,598	-184,519	10,234,447
Changes of items during the period					
Dividends from surplus					-204,118
Net income attributable to owners of parent					70,574
Acquisition of treasury stock					-135,128
Net change in items other than shareholders' equity	-15,070	15,327	256	-98,980	-98,723
Total changes of items during the period	-15,070	15,327	256	-98,980	-367,396
Balance at the end of current period	5,411	14,443	19,855	-283,500	9,867,050

Current fiscal year (from September 1, 2019 to August 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	440,297	1,637,636	8,325,881	-273,120	10,130,694
Changes of items during the period					
Dividends from surplus			-134,579		-134,579
Net income attributable to owners of parent			774,378		774,378
Increase (decrease) in equity due to acquisition of consolidated subsidiaries		-283,500			-283,500
Net change in items other than shareholders' equity					
Total changes of items during the period	-	-283,500	639,799	-	356,299
Balance at the end of current period	440,297	1,354,136	8,965,680	-273,120	10,486,994

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,411	14,443	19,855	-283,500	9,867,050
Changes of items during the period					
Dividends from surplus					-134,579
Net income attributable to owners of parent					774,378
Increase (decrease) in equity due to acquisition of consolidated subsidiaries					-283,500
Net change in items other than shareholders' equity	10,445	-35,601	-25,156	283,500	258,343
Total changes of items during the period	10,445	-35,601	-25,156	283,500	614,642
Balance at the end of current period	15,857	-21,158	-5,301	-	10,481,692

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (from September 1, 2018 to August 31, 2019)	Current fiscal year (from September 1, 2019 to August 31, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	378,359	1,096,302
Depreciation and amortization	437,019	413,311
Impairment loss	197,643	205,031
Amortization of goodwill	4,767	5,721
Increase (decrease) in allowance for doubtful accounts	20,821	-1,823
Increase (decrease) in provision for bonuses	9,439	16,464
Increase (decrease) in provision for directors' bonuses	-	17,900
Increase (decrease) in liabilities relating to retirement benefits	11,932	21,147
Increase (decrease) in provision for directors' retirement benefits	-14,050	3,037
Increase (decrease) in provision for directors' stock-based benefits	8,257	32,523
Increase (decrease) in provision for loss on business liquidation	32,163	43,433
Interest and dividends income	-11,017	-7,428
Interest expenses	6,415	6,723
Loss on retirement of noncurrent assets	20,678	4,879
Loss on liquidation of business	27,205	310,918
Decrease (increase) in accounts receivable-trade	-281,144	109,883
Decrease (increase) in inventories	-264,452	-156,182
Increase (decrease) in notes and accounts payable-trade	1,779,582	-1,112,894
Increase (decrease) in accrued consumption taxes	-12,587	325,759
Other	195,979	19,388
Subtotal	2,547,012	1,354,095
Interest and dividends income received	10,603	6,999
Interest expenses paid	-4,363	-4,669
Income taxes paid	-273,256	-434,325
Net cash provided by (used in) operating activities	2,279,996	922,099
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-561,785	-431,272
Proceeds from sales of property, plant and equipment	-	342
Purchase of intangible assets	-76,887	-110,535
Payments for asset retirement obligations	-24,619	-59,605
Payments for lease and guarantee deposits	-220,245	-73,186
Proceeds from collection of lease and guarantee deposits	115,929	157,373
Purchase of investment securities	-	-387
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-9,620
Other	-64,479	600
Net cash provided by (used in) investing activities	-832,088	-526,290
Net increase (decrease) in short-term loans payable	-100,000	-
Proceeds from long-term loans payable	600,000	838,342
Repayment of long-term loans payable	-664,314	-591,547
Repayment of lease obligations	-7,274	-6,286
Purchase of treasury shares	-135,128	-
Cash dividends paid	-204,095	-134,413
Net cash provided by (used in) financing activities	-510,812	106,094
Effect of exchange rate change on cash and cash equivalents	-8,900	14,129
Net increase (decrease) in cash and cash equivalents	928,194	516,032
Cash and cash equivalents at beginning of period	5,147,120	6,075,315
Cash and cash equivalents at end of period	6,075,315	6,591,348

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

None

(Changes in reporting method)

(Consolidated Statements of Cash Flows)

"Loss on business liquidation," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, has been presented separately from the current fiscal year due to an increase in its materiality. To reflect this change in reporting method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 223,184 thousand yen, which was presented as "Other" under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year, has been reclassified as "Loss on business liquidation" of 27,205 thousand yen and "Other" of 195,979 thousand yen.

(Segment information)

Since the Group has a single segment consisting of the operation of 100-Yen shops and associated business, this information is omitted.

(Per share information)

	Previous fiscal year (from September 1, 2018 to August 31, 2019)	Current fiscal year (from September 1, 2019 to August 31, 2020)
Net assets per share	757.62 yen	782.34 yen
Net income per share	5.26 yen	57.80 yen

(Notes) 1. No diluted net income per share is presented because dilutive shares do not exist.

2. The Company's shares owned by the share issuance trust for directors are included in the treasury stock deducted in the calculation of the total number of shares outstanding at the end of period, which is the basis for calculating net assets per share. (FY8/19: 60,000, FY8/20: 60,000 shares).

3. The Company's shares owned by the share issuance trust for directors are included in the treasury stock deducted in the calculation of the average number of shares during period, which is the basis for calculating net income per share. (FY8/19: 60,000, FY8/20: 60,000 shares).

4. The basis for calculating net income per share and diluted net income per share are as follows.

	Previous fiscal year (from September 1, 2018 to August 31, 2019)	Current fiscal year (from September 1, 2019 to August 31, 2020)
Net income attributable to owners of parent (thousand yen)	70,574	774,378
Amount that does not belong to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent available to common shareholders (thousand yen)	70,574	774,378
Average number of shares during the period (shares)	13,419,246	13,397,926

(Important subsequent events)

None

4. Other

(1) Changes in Directors

① Changes in Representative Directors

None

② Changes in Other Directors

None

(2) Sales

Sales by area and business type are as follows Area

Area	Amount (Thousands of yen)	Year-on-year change (%)	Number of shops		
			As of August 31, 2020	Newly opened	Closed
Hokkaido area	2,150,017	108.6	78	7	2
Tohoku area	2,105,872	113.6	76	10	5
Kanto area	13,359,285	106.4	283	21	21
Chubu area	7,311,464	109.1	205	27	13
Kinki area	10,861,046	104.4	225	17	15
Chugoku/Shikoku area	4,870,335	105.9	190	32	15
Kyushu area	4,810,624	108.3	158	15	7
100-Yen shop business Directly managed	45,468,645	106.9	1,215	129	78
Wholesale	7,327,049	82.6	140	20	28
Total	52,795,694	102.7	1355	149	106