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October 10, 2023

Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 (Under Japanese GAAP)

Company name: Watts Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2735
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 Scheduled date of annual general meeting of shareholders: November 28, 2023
 Scheduled date to commence dividend payments: November 29, 2023
 Scheduled date to file annual securities report: November 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended August 31, 2023	59,309	1.6	621	-37.7	648	-43.5	250	-67.9
August 31, 2022	58,347	15.1	998	-40.2	1,148	-27.6	781	-19.1

Note: Comprehensive income For the fiscal year ended August 31, 2023: ¥294 million [-66.0%]
 For the fiscal year ended August 31, 2022: ¥866 million [-8.0%]

	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
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2023	18.46	-	2.1	2.5	1.0
August 31, 2022	57.83	-	6.7	4.9	1.7

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended August 31, 2023: ¥-15 million
 For the fiscal year ended August 31, 2022: ¥7 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2023	25,489	11,964	46.9	887.48
August 31, 2022	25,600	11,931	46.6	878.58

Reference: Equity
 As of August 31, 2023: ¥11,952 million
 As of August 31, 2022: ¥11,927million

(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
August 31, 2023	221	-667	-633	5,646
August 31, 2022	1,721	-975	-328	6,687

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended August 31, 2022	-	0.00	-	15.00	15.00	203	25.9	1.7
Fiscal year ended August 31, 2023	-	0.00	-	15.00	15.00	202	81.2	1.7
Fiscal year ending August 31, 2024 (Forecast)	-	0.00	-	15.00	15.00		74.8	

3. Forecast of consolidated financial results for the year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	29,720	0.6	240	-11.8	190	-29.9	120	-58.9	8.91
Full year	59,100	-0.4	500	-19.6	400	-38.3	270	7.8	20.05

*** Notes**

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

Excluded: 1 company (Ontsu F.RETAIL Co., Ltd.)

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury stock)

As of August 31, 2023	13,898,800 shares
As of August 31, 2022	13,898,800 shares

(ii) Number of treasury stock at the end of the period

As of August 31, 2023	431,092 shares
As of August 31, 2022	323,487 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2023	13,570,974 shares
Fiscal year ended August 31, 2022	13,508,204 shares

Note: The Average number of shares outstanding during the period includes the Company's shares held by the share issuance trust for directors (FY8/23: - shares, FY8/22: 27,945 shares).

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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.

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1. Results of Operations

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

During the fiscal year under review, the Japanese economy saw a temporary recovery in domestic travel demand due to the lifting of restrictions under the post-COVID society, as well as the stimulating effect of wage increases in personal consumption. However, overall personal consumption growth has been slow due to the sustained yen's depreciation and cost-push inflation driven by rising resource prices which remain high. Inbound tourism demand has fully benefited from the yen's depreciation and continues to recover, with further growth anticipated in the future. In the corporate sector, despite ongoing uncertainties in the global economic outlook and persistent labor shortages, as well as rising costs, overall performance remained robust, thanks to the easing of supply shortages, particularly in components such as semiconductors, and strong demand for capital investment.

Given this environment, in addition to the 100-Yen shop business in Japan, the Company, which operates some brands named 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 Watts Online Store introduced products from Buona Vita and Tokino:ne, as well as products exclusive to the online store, and the number of products listed in the store significantly increased to more than 19,000 items.

In addition, the Company has been advancing the introduction of self-checkout registers to improve in-store productivity through more efficient purchasing processes. The Company has also promoted renovations and in-store layout reviews for some shops, primarily focusing on the FLET'S brand, which was acquired through M&A in the previous fiscal year.

As for new shop openings, the Company opened 228 shops to the full-year plan of 236 shops. There were 100 shop closings (including 4 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 fiscal year under review was 1,769, which includes 1,750 directly managed shops (net increase of 132), and 19 franchised/other shops (net decrease of 4).

Of these, the number of the Watts brand shops "Watts" and "Watts with" was 1,247 (net increase of 218), accounting for 70.5% of the total.

As for the number of domestic other brands at the end of the fiscal year, Buona Vita, a life-style goods shop offering a comfortable life, operates 15 shops (net decrease of 8). The decline is because Watts Connection, the operator of Buona Vita, was absorbed into Watts East Japan Sales, the 100-Yen shop operator, effective September 1, 2022, and 6 Buona Vita shops (consignment-type shops in the Company's 100-Yen shops) were excluded from the figure.

Tokino:ne, a household items brand under the theme of "time", operates 2 directly-managed shops (unchanged). In addition, Tokino:ne began selling its products in 200 of the Company's 100-Yen shops. Value-100, a collaborative brand with the fresh-food supermarket, remains with 1 shop (unchanged). Real, a discount shop brand, operates 5 shops (net decrease of 1).

Regarding the overseas operation, the Company operates KOMONOYA, a fixed-price shop mainly in Southeast Asia. At the end of the fiscal year under review, "KOMONOYA" operates 25 shops in Thailand (net decrease of 12), and 10 shops in Peru (net decrease of 4). In China, there were 4 shops (unchanged) named 小物家园 (KOMONOKAEN), a fixed price shop. The total number of own-brand shops "KOMONOYA" and 小物家园 (KOMONOKAEN) was 39 (net decrease of 16).

As a result, for the fiscal year under review, sales were 59,309 million yen (up 1.6% YoY, 100.5% to the plan). Although the higher sales proportion of products priced above 100 yen partially reduced the cost-of-sales ratio, the gross margin decreased by 0.3 percentage points.

Also, mainly due to higher utility and freight costs, operating profit was 621 million yen (down 37.7% YoY, 155.4% to the plan), recurring profit was 648 million yen (down 43.5% YoY, 162.2% to the plan), and net income attributable to owners of parent was 250 million yen (down 67.9% YoY, 167.1% to the plan).

(*Year on year: comparison with the results for the previous fiscal year. Ratio to plan: ratio to the business forecasts for the fiscal year ended August 2023 which were announced in the "Notice Concerning Revision to Business Forecasts" dated July 10, 2023.)

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 fiscal year under review

(Assets)

As of the end of the fiscal year under review, current assets stood at 18,919 million yen, an increase of 358 million yen from the end of the previous fiscal year. This was mainly due to increases of 985 million yen for merchandise and finished goods, 233 million yen for deposits paid to other in current assets, 110 million yen for notes and accounts receivable-trade, while there were decreases of 1,041 million yen for cash and deposits.

Noncurrent assets stood at 6,569 million yen, decreased by 469 million yen from the end of the previous fiscal year. This was mainly due to decreases of 150 million yen in buildings and structures and 131 million yen in goodwill, 124 million yen in software included in other intangible assets and 75 million yen in deposits.

As a result, total assets stood at 25,489 million yen, a decrease of 111 million yen from the end of the previous fiscal year.

(Liabilities)

As of the end of the fiscal year under review, current liabilities stood at 9,966 million yen, an increase of 33 million yen from the end of the previous fiscal year. This was mainly due to increases of 85 million yen in electronically recorded obligations and 85 million yen in current portion of long-term loans payable, while there were decreases of 68 million yen in accrued consumption taxes and 62 million yen in accounts payable-other included in other current liabilities.

Noncurrent liabilities stood at 3,557 million yen, a decrease of 178 million yen compared with the end of the previous fiscal year. This was mainly due to increases of 43 million yen in retirement benefit liability, despite a decrease of 207 million yen in long-term loans payable.

As a result, total liabilities stood at 13,524 million yen, a decrease of 145 million yen from the end of the previous fiscal year.

(Net assets)

As of the end of the fiscal year under review, total net assets stood at 11,964 million yen, an increase of 33 million yen from the end of the previous fiscal year. This was mainly due to an increase of 46 million yen in retained earnings.

As a result, shareholders' equity ratio stood at 46.9% (46.6% at the end of the previous fiscal year).

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

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review amounted to 5,646 million yen, a decrease of 1,041 million yen compared with the previous fiscal year.

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

(Cash flows from operating activities)

Net cash provided by operating activities was 221 million yen (1,721 million yen was provided in the previous fiscal year). Cash was provided mainly by depreciation and amortization of 615 million yen, income before income taxes of 336 million yen, and impairment loss of 241 million yen. Cash was used mainly for an increase of 954 million yen in inventories.

(Cash flows from investing activities)

Net cash used in investing activities was 667 million yen (975 million yen was used in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 547 million yen and payments for lease and guarantee deposits of 114 million yen.

(Cash flows from financing activities)

Net cash used for financing activities was 633 million yen (328 million yen was used in the previous fiscal year). Cash was used mainly for long-term loans payable of 822 million yen, increase in deposits paid for acquisition of treasury stock of 233 million yen, and cash dividends paid of 203 million yen. Cash was provided mainly by proceeds from long-term loans payable of 700 million yen.

(4) Future outlook

Currently, the impact of COVID-19 has been limited, and Japan is expected to make steady progress toward the post-COVID era. However, depending on the presence of effective government-led fiscal policies aimed at mitigating rising prices, the ongoing trends in yen's depreciation and resource price changes, as well as the emergence of new variants of the virus, corporate activities and consumer spending may stall.

In light of these circumstances, the Group remains committed to maintaining a selling price of 100 yen while ensuring the availability of value-for-money products across various price ranges. In addition, to meet the diverse needs of consumers, it will continue to be the shop where customers can consistently find value beyond price.

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, Tokino:ne and Real, to provide the new driving force for further growth in the future.

As for the overseas business, 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.

For the next fiscal year, sales are expected to fall below the figure in the fiscal year under review, as the Company plans to actively close unprofitable shops. Furthermore, operating profit and recurring profit are also expected to decline. This is attributed to the increased expenses associated with store closures, our initiative to upgrade in-store PCs in preparation for the end of Windows 10 support, and the introduction of full-function self-checkout machines.

Based on the above, the Company expects the following performance for the next fiscal year: sales of 59,100 million yen (down 0.4% year on year), operating profit of 500 million yen (down 19.6% year on year), recurring profit of 400 million yen (down 38.3% year on year) and net income attributable to owners of parent of 270 million yen (up 7.8% year on year).

(Reference) Cash flow indicators

	FY8/19	FY8/20	FY8/21	FY8/22	FY8/23
Equity ratio (%)	47.1	48.7	52.6	46.6	46.9
Market value equity ratio (%)	38.3	58.5	55.7	38.0	32.5
Interest-bearing debt to cash flows ratio (years)	0.4	1.4	3.0	1.7	13.0
Interest coverage ratio (times)	522.6	197.5	30.8	157.1	18.9

(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, 2022)	Fiscal year under review (August 31, 2023)
Assets		
Current assets		
Cash and deposits	6,687,848	5,646,608
Notes and accounts receivable-trade	2,687,168	2,797,383
Merchandise and finished goods	8,734,082	9,719,862
Raw materials and supplies	25,847	16,785
Consumption taxes receivable	22,876	47,393
Other	431,169	721,037
Allowance for doubtful accounts	-27,599	-29,071
Total current assets	18,561,392	18,919,998
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,008,560	4,074,010
Accumulated depreciation and impairment loss	-2,951,551	-3,167,522
Buildings and structures, net	1,057,009	906,488
Vehicles	32,337	33,390
Accumulated depreciation and impairment loss	-26,989	-29,153
Vehicles, net	5,348	4,236
Tools, furniture and fixtures	4,882,184	5,049,332
Accumulated depreciation and impairment loss	-4,061,385	-4,228,762
Tools, furniture and fixtures, net	820,798	820,569
Land	257,800	257,800
Leased assets	111,042	109,161
Accumulated depreciation and impairment loss	-101,363	-103,187
Leased assets, net	9,678	5,973
Construction in progress	5,000	16,139
Total property, plant and equipment	2,155,635	2,011,208
Intangible assets		
Goodwill	538,691	406,767
Other	567,785	442,753
Total intangible assets	1,106,477	849,521
Investments and other assets		
Investment securities	350,185	345,682
Deferred tax assets	523,698	545,983
Guarantee deposits	2,765,694	2,690,009
Other	144,709	134,581
Allowance for doubtful accounts	-7,238	-7,801
Total investments and other assets	3,777,048	3,708,455
Total noncurrent assets	7,039,161	6,569,184
Total assets	25,600,554	25,489,183

	(Thousands of yen)	
	Previous fiscal year (August 31, 2022)	Fiscal year under review (August 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,943,822	3,974,812
Electronically recorded obligations	3,801,090	3,886,711
Current portion of long-term loans payable	694,163	779,496
Income taxes payable	124,876	117,202
Accrued consumption taxes	170,774	102,700
Provision for bonuses	126,657	142,008
Other	1,071,372	963,362
Total current liabilities	9,932,757	9,966,293
Noncurrent liabilities		
Long-term loans payable	2,311,910	2,104,658
Retirement benefit liability	412,913	456,153
Provision for directors' retirement benefits	34,295	31,673
Asset retirement obligations	646,815	681,263
Other	330,844	284,156
Total noncurrent liabilities	3,736,777	3,557,905
Total liabilities	13,669,535	13,524,198
Net assets		
Shareholders' equity		
Capital stock	440,297	440,297
Capital surplus	1,348,550	1,350,605
Retained earnings	10,214,752	10,261,701
Treasury stock	-133,386	-200,885
Total shareholders' equity	11,870,213	11,851,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,962	4,553
Foreign currency translation adjustment	51,854	96,073
Total accumulated other comprehensive income	56,816	100,627
Stock acquisition right	3,989	12,639
Total net assets	11,931,019	11,964,985
Total liabilities and net assets	25,600,554	25,489,183

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

(Thousands of yen)

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Sales	58,347,501	59,309,148
Cost of sales	36,066,010	36,854,440
Gross profit	22,281,490	22,454,708
Selling, general and administrative expenses	21,282,978	21,832,915
Operating profit	998,512	621,793
Non-operating revenues		
Interest income	2,220	4,485
Dividends income	1,009	372
Equity in earnings of affiliates	7,952	-
Foreign exchange gains	119,255	33,274
Royalty income	3,226	4,809
Compensation income	17,535	32,655
Subsidy income	15,490	1,789
Other	14,638	7,608
Total non-operating income	181,329	84,995
Non-operating expenses		
Interest expenses	10,696	12,158
Early-withdrawal penalty	4,860	21,974
Share of loss of entities accounted for using equity method	-	15,842
Compensation expenses	8,874	-
Other	7,075	8,143
Total non-operating expenses	31,505	58,118
Recurring profit	1,148,335	648,670
Extraordinary income		
Surrender value of insurance	6,252	-
Gain on sale of investment securities	945	1,810
Gain on sales of noncurrent assets	-	684
Provision for directors' stock-based benefits	29,777	-
Total extraordinary income	36,975	2,495
Extraordinary loss		
Loss on retirement of noncurrent assets	32,616	72,882
Impairment loss	176,170	241,626
Loss on disaster	1,248	-
Total extraordinary losses	210,035	314,508
Income before income taxes and minority interests	975,275	336,657
Income taxes-current	324,854	115,559
Income taxes-deferred	-130,764	-29,480
Total income taxes	194,090	86,078
Net income	781,185	250,578
Net income attributable to owners of parent	781,185	250,578

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Net income	781,185	250,578
Other comprehensive income		
Valuation difference on available-for-sale securities	-4,652	-408
Foreign currency translation adjustment	61,276	32,909
Share of other comprehensive income of associates accounted for using equity method	29,009	11,310
Total other comprehensive income	85,633	43,810
Comprehensive income	866,818	294,389
(Breakdown)		
Comprehensive income attributable to owners of parent	866,818	294,389

(3) Consolidated Statements of Changes in Net Assets

Previous fiscal year (from September 1, 2021 to August 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period under review	440,297	1,354,136	9,729,641	-273,120	11,250,955
Changes of items during the period					
Dividends from surplus			-296,074		-296,074
Net income attributable to owners of parent			781,185		781,185
Disposal of treasury stock		60,473		73,673	134,147
Cancellation of treasury stock		-66,060		66,060	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-5,586	485,111	139,733	619,258
Balance at the end of period under review	440,297	1,348,550	10,214,752	-133,386	11,870,213

	Accumulated other comprehensive income			Stock acquisition right	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period under review	9,615	-38,432	-28,817	-	11,222,138
Changes of items during the period					
Dividends from surplus					-296,074
Net income attributable to owners of parent					781,185
Disposal of treasury stock					134,147
Cancellation of treasury stock					-
Net changes of items other than shareholders' equity	-4,652	90,286	85,633	3,989	89,622
Total changes of items during the period	-4,652	90,286	85,633	3,989	708,880
Balance at the end of period under review	4,962	51,854	56,816	3,989	11,931,019

Fiscal year under review (from September 1, 2022 to August 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period under review	440,297	1,348,550	10,214,752	-133,386	11,870,213
Changes of items during the period					
Dividends from surplus			-203,629		-203,629
Net income attributable to owners of parent			250,578		250,578
Acquisition of treasury stock				-70,465	-70,465
Disposal of treasury stock		2,055		2,966	5,022
Net changes of items other than shareholders' equity					
Total changes of items during the period		2,055	46,948	-67,498	-18,494
Balance at the end of period under review	440,297	1,350,605	10,261,701	-200,885	11,851,719

	Accumulated other comprehensive income			Stock acquisition right	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of period under review	4,962	51,854	56,816	3,989	11,931,019
Changes of items during the period					
Dividends from surplus					-203,629
Net income attributable to owners of parent					250,578
Acquisition of treasury stock					-70,465
Disposal of treasury stock					5,022
Net changes of items other than shareholders' equity	-408	44,219	43,810	8,649	52,460
Total changes of items during the period	-408	44,219	43,810	8,649	33,965
Balance at the end of period under review	4,553	96,073	100,627	12,639	11,964,985

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	975,275	336,657
Depreciation and amortization	571,326	615,974
Impairment loss	176,170	241,626
Amortization of goodwill	120,930	131,924
Increase (decrease) in allowance for doubtful accounts	2,670	2,035
Increase (decrease) in provision for bonuses	-60,022	15,350
Increase (decrease) in liabilities relating to retirement benefits	88,834	43,240
Increase (decrease) in provision for directors' retirement benefits	4,071	-2,621
Increase (decrease) in provision for directors' stock-based benefits	-93,938	-
Interest and dividends income	-3,230	-4,858
Interest expenses	10,696	12,158
Loss (gain) on sale of investment securities	-945	-1,810
Loss on retirement of noncurrent assets	32,616	72,882
Decrease (increase) in accounts receivable-trade	-168,989	-111,690
Decrease (increase) in inventories	-65,044	-954,935
Increase (decrease) in notes and accounts payable-trade	657,740	116,285
Increase (decrease) in accrued consumption taxes	70,228	-90,869
Other	86,049	6,268
Subtotal	2,404,439	427,617
Interest and dividends income received	3,213	4,846
Interest expenses paid	-10,957	-11,673
Income taxes paid	-674,774	-280,593
Income taxes refund	-	80,860
Net cash provided by (used in) operating activities	1,721,920	221,058
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-542,040	-547,787
Proceeds from sales of property, plant and equipment	-	684
Purchase of intangible assets	-107,936	-72,040
Payments for retirement of property, plant and equipment	-14,520	-
Payments for asset retirement obligations	-8,898	-59,285
Payments for lease and guarantee deposits	-567,262	-114,535
Proceeds from collection of lease and guarantee deposits	66,367	113,270
Proceeds from sale of investment securities	6,026	11,125
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	191,877	-
Other	600	600
Net cash provided by (used in) investing activities	-975,787	-667,968
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-200,000	-
Proceeds from long-term loans payable	3,000,000	700,000
Repayment of long-term loans payable	-2,813,810	-822,287
Repayment of lease obligations	-18,758	-5,531
Purchase of treasury stock	-	-67,498
Decrease (increase) in deposits paid for acquisition of treasury stock	-	-233,884
Cash dividends paid	-296,038	-203,952
Net cash provided by (used in) financing activities	-328,607	-633,154
Effect of exchange rate change on cash and cash equivalents	101,113	38,824
Net increase (decrease) in cash and cash equivalents	518,639	-1,041,240
Cash and cash equivalents at beginning of period	6,169,208	6,687,848
Cash and cash equivalents at end of period	6,687,848	5,646,608

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Net assets per share	878.58 yen	887.48 yen
Net income per share	57.83 yen	18.46 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 average number of shares during period, which is the basis for calculating net income per share.
(previous fiscal year: 27,945 shares, fiscal year under review: - shares).

3. The basis for calculating net income per share is as follows.

	Previous fiscal year (from September 1, 2021 to August 31, 2022)	Fiscal year under review (from September 1, 2022 to August 31, 2023)
Net income attributable to owners of parent (thousand yen)	781,185	250,578
Amount that does not belong to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent available to common shareholders (thousand yen)	781,185	250,578
Average number of common shares during the period (shares)	13,508,204	13,570,974
Outline of dilutive shares not included in the calculation of diluted net income per share due to the absence of dilutive effects.	Stock acquisition rights by resolution of the Board of Directors on March 22, 2022 (Number of stock acquisition rights issued: 1,246 Common shares: 124,600)	Stock acquisition rights by resolution of the Board of Directors on March 22, 2022 (Number of stock acquisition rights issued: 1,238 Common shares: 123,800)

(Important subsequent events)

No items to report

4. Other

(1) Changes in directors

① Change in the representative director

No items to report

② Changes in other directors None

No items to report

(2) Sales information

Since the Group operates under a single segment, the figures are based on sales by region and business division.

Business Divisions	Area	Amount (thousand yen)	Year-on-year change (%)
	Hokkaido area	2,263,522	102.6
	Tohoku area	2,245,386	103.3
	Kanto area	14,436,918	100.0
	Chubu area	7,681,380	101.6
	Kinki area	15,260,942	103.0
	Chugoku/Shikoku area	6,064,264	107.5
	Kyushu area	5,044,411	101.1
100-Yen shop business		52,996,828	102.3
Wholesale		6,182,295	96.6
Revenue from contracts with customers		59,179,123	101.6
Other revenue		130,025	108.8
Sales to outside customers		59,309,148	101.6