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Financial Results for the Six Months Ended March 31, 2024
[Japanese GAAP]

May 15, 2024

Company name: Amifa Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 7800
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Availability of supplementary briefing material on financial results: Yes

Schedule of financial results briefing session: No

(Less than one million yen is rounded down.)

1. Financial Results for Six Months Ended March 31, 2024 (October 1, 2023 to March 31, 2024)

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

	Net sales		Operating income		Ordinary income		Net income	
For the six months ended	Million	Yen %	Million	Yen %	Million	Yen %	Million	Yen %
March 31, 2024	4,932	5.7	82	(69.0)	70	(76.9)	48	(74.5)
March 31, 2023	4,668	41.4	265	(22.1)	306	(7.2)	191	(7.1)

	Net income per share	Diluted net income per share
For the six months ended	Yen	Yen
March 31, 2024	16.24	–
March 31, 2023	59.22	–

(2) Financial Position

	Total assets	Net assets	Equity Ratio
	Million Yen	Million Yen	%
As of March 31, 2024	4,069	2,370	58.3
As of September 30, 2023	4,409	2,392	54.3

2. Dividend

	Cash dividend per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	–	0.00	–	24.00	24.00
Fiscal year ended September 30, 2024	–	0.00			
Fiscal year ending September 30, 2024 (Forecast)		0.00	–	24.00	24.00

(Note) There is no revision from the most recently announced dividend forecast.

3. Financial Results Forecast for the Fiscal Year Ending September 30,2024
(October 1,2023 to September 30,2024)

(% indicates changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
	9,275	14.1	240	32.2	235	15.9	154	4.5	51.09

(Note) There is no revision from the most recently announced financial results forecast.

(Note) We do not make the six months forecast, because our performance management system is based on full year.

* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly financial statements: Yes

Regarding tax expenses, we calculate them by reasonable estimating the effective tax rate after applying tax effect accounting to the pre-tax current net profit for the fiscal year including this second quarter and multiplying the estimated effective tax rate by the profit before income taxes.

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

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Number of issued shares (common shares)

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

As of March 31,2024	3,235,000 shares
As of September 30,2023	3,235,000 shares

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

As of March 31,2024	216,415 shares
As of September 30,2023	240,049 shares

3) Average number of shares outstanding during the period

As of March 31,2024	3,009,803 shares
As of March 31,2023	3,234,951 shares

* Information regarding review procedures

The financial information contained in this report is not subject to the review procedures by independent auditors.

* Explanation for the appropriate use of performance forecasts and other special notes

The performance forecasts and other statements on future events presented in this material are based on information that was available at the time of preparation of this material and based on certain assumptions considered to be reasonable. The actual performance may differ materially from these forecasts due to several factors.

Qualitative information on quarterly financial results

(1) Explanation of operating results

During the second quarter cumulative period (from October 1, 2023, to March 31, 2024), the Japanese economy showed signs of optimism, such as the effects of significant wage increases centered around major corporations during the spring wage negotiations and the boom in the stock market. However, the situation remained uncertain with the termination of the Bank of Japan's negative interest rate policy, rapid depreciation of the yen, and the rise in various prices.

In this environment, we have actively engaged in proposing new plans and products, focusing on the sale of lifestyle goods to our main customers, the 100-yen shops, in addition to events such as Christmas. As a result, we achieved sales that exceeded the same period of last year.

On the other hand, regarding profits, while we focused on sales prioritizing the profitability of individual products, the significant impact of a rapid and substantial depreciation of the yen was considerable. Additionally, increased logistics led to higher shipping and warehousing costs, and labor-related expenses also increased due to expanded sales, resulting in a decrease in profits compared to the same period last year.

As a result, the summary of the operating results for the cumulative period of the second quarter is as follows.

	Net sales	Operating income	Ordinary income	Net income
	Thousand Yen	Thousand Yen	Thousand Yen	Thousand Yen
For the six months ended March 31,2024	4,932,881	82,492	70,824	48,868
For the six months ended March 31,2023	4,668,181	265,751	306,919	191,578
Difference	264,700	(183,259)	(236,094)	(142,710)
Ratio (%)	5.7	(69.0)	(76.9)	(74.5)

Net sales increased 264,700 thousand yen (up 5.7%) year on year to 4,932,881 thousand yen.

This was due to sales of Halloween and Christmas event-related products progressing slightly higher than in the same period of the previous fiscal year, and continued to be strong in sales of kitchenware, lifestyle goods, and other products from the the same period of last year.

As shown in the table below, sales of lifestyle variety goods by product group in the second quarter cumulative period were 4,690,774 thousand yen (up 6.7%) for "one-price products" and 242,106 thousand yen (down 11.3%).

	One Price Product	Petit Price Products	Total
	Thousand Yen	Thousand Yen	Thousand Yen
For the six months ended March 31,2024	4,690,774	242,106	4,932,881
For the six months ended March 31,2023	4,395,153	273,027	4,668,181
Difference	295,620	(30,920)	264,700
Ratio (%)	6.7	(11.3)	5.7

Operating profit decreased by 183,259 thousand yen (down 69.0%) to 82,492 thousand yen compared to the same period last year. There were positive effects on profits due to the increase in sales, and the success of cost-focused sales initiatives but the significant impact of the rapid depreciation of the yen, along with increased logistics costs due to higher volumes and rising labor costs, were factors that contributed to the decrease in profit.

Ordinary income amounted to 70,824 thousand yen, a decrease of 236,094 thousand yen (down 76.9%) compared to the same period of the previous year. This was primarily due to a decrease in operating income of 183,259 thousand yen, in addition to changes in non-operating income. In the previous second quarter cumulative period, there was a foreign exchange gain of 40,713 thousand yen, whereas in the current second quarter cumulative period, there was a foreign exchange loss of 8,610 thousand yen, resulting in a difference in foreign exchange gains and losses of 49,323 thousand yen.

As a result, the net income for the quarter was 48,868 thousand yen, a decrease of 142,710 thousand yen (down 74.5%) compared to the same period last year.

Since our business is a single segment of the lifestyle goods business, we do not disclose segments information.

(2) Explanation of financial position

(Assets)

Current assets at the end of the second quarter were 3,892,114 thousand yen, a decrease of 347,735 thousand yen from the end of the previous fiscal year. This was due to an increase of 153,176 thousand yen in cash and deposits, an increase of 88,913 thousand yen in notes receivable and accounts receivable, and a decrease in inventories of 505,767 thousand yen. Fixed assets were 177,091 thousand yen, an increase of 7,812 thousand yen from the end of the previous fiscal year. This was due to an increase of 6,864 thousand yen in investment and other assets.

As a result, total assets were 4,069,205 thousand yen, a decrease of 339,923 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter were 1,223,517 thousand yen, a decrease of 505,009 thousand yen from the end of the previous fiscal year. This was due to an increase of 99,600 thousand yen in long-term borrowings and an increase of 102,612 thousand yen in accounts payable-other, while a decrease in short-term borrowings of 700,000 thousand yen.

Fixed liabilities were 474,977 thousand yen, an increase of 187,080 thousand yen from the end of the previous fiscal year. This was due to an increase of 183,800 thousand yen in long-term borrowings.

As a result, total liabilities were 1,698,495 thousand yen, a decrease of 317,929 thousand yen from the end of the previous fiscal year.

(Net assets)

Total net assets at the end of the second quarter were 2,370,710 thousand yen, a decrease of 21,994 thousand yen from the end of the previous fiscal year. This was primarily due to a net income of 48,868 thousand yen for the quarter, however the payment of dividends totaling 71,878 thousand yen led to a decrease in retained earnings of 23,010 thousand yen, a decrease in deferred hedge losses of 14,582 thousand yen, and a decrease in treasury shares of 15,480 thousand yen in treasury shares resulting from the third-party allocation of treasury shares.

As a result, the equity ratio increased by 4.0 percentage points from the end of the previous fiscal year to 58.3%.

(3) Explanation of cash flow

The ending balance of cash and cash equivalents for the second quarter cumulative period was 1,029,383 thousand yen, an increase of 153,176 thousand yen compared to the end of the previous fiscal year.

Cash flow from operating activities resulted in an income of 665,602 thousand yen. In the same period last year, the income was 53,337 thousand yen. This was primarily due to profit before income taxes of 70,824 thousand yen, an increase in accounts receivable of 95,309 thousand yen, a decrease in inventories of 505,767 thousand yen, and an increase in accounts payable of 128,489 thousand yen.

Cash flow from investing activities resulted in an expenditure of 40,762 thousand yen. In the same period last year, the expenditure was 10,417 thousand yen. This was due to the acquisition of intangible fixed assets of 36,733 thousand yen.

Cash flow from financing activities resulted in an expenditure of 472,795 thousand yen. In the same period last year, the expenditure was 95,081 thousand yen. This was due to the repayment of short-term borrowings, which accounted for repayment of 700,000 thousand yen, proceeds from long-term borrowings of 300,000 thousand yen, repayment of long-term borrowings of 16,600 thousand yen, proceeds from the sale of treasury shares of 15,598 thousand yen, and dividend payments of 71,793 thousand yen.

(4) Explanation of forward-looking information such as earnings forecasts

There is no change at this time in the earnings forecast announced on November 14, 2023.

Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	876,207	1,029,383
Notes and accounts receivable - trade	719,924	808,838
Electronically recorded monetary claims - operating	3,060	9,456
Inventories	2,428,371	1,922,604
Other	212,285	121,831
Total current assets	4,239,850	3,892,114
Non-current assets		
Property, plant and equipment	44,200	41,093
Intangible assets	68,418	72,473
Investments and other assets	56,659	63,524
Total non-current assets	169,278	177,091
Total assets	4,409,129	4,069,205
Liabilities		
Current liabilities		
Accounts payable - trade	63,590	65,577
Short-term borrowings	1,300,000	600,000
Current portion of long-term borrowings	-	99,600
Accounts payable - other	285,315	387,927
Income taxes payable	35,590	21,955
Provision for bonuses	18,044	19,184
Other	25,986	29,272
Total current liabilities	1,728,526	1,223,517
Non-current liabilities		
Long-term borrowings	-	183,800
Provision for retirement benefits	33,562	36,842
Long-term obligations to directors	254,335	254,335
Total non-current liabilities	287,897	474,977
Total liabilities	2,016,424	1,698,495
Net assets		
Shareholders' equity		
Share capital	37,220	37,220
Capital surplus	273,468	273,586
Retained earnings	2,191,510	2,168,500
Treasury shares	(157,231)	(141,751)
Total shareholders' equity	2,344,967	2,337,556
Valuation and translation adjustments		
Deferred gains or losses on hedges	47,737	33,154
Total valuation and translation adjustments	47,737	33,154
Total net assets	2,392,704	2,370,710
Total liabilities and net assets	4,409,129	4,069,205

Quarterly Non-consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Net sales	4,668,181	4,932,881
Cost of sales	3,104,125	3,345,410
Gross profit	1,564,055	1,587,470
Selling, general and administrative expenses	1,298,303	1,504,978
Operating income	265,751	82,492
Non-operating income		
Interest income	2	2
Foreign exchange gains	40,713	-
Subsidy income	-	871
Gain on sale of non-current assets	1,038	-
Compensation income	249	-
Interest on tax refund	-	411
Other	412	248
Total non-operating income	42,416	1,532
Non-operating expenses		
Interest expenses	780	3,530
Foreign exchange losses	-	8,610
Loss on retirement of non-current assets	428	-
Other	39	1,059
Total non-operating expenses	1,249	13,200
Ordinary income	306,919	70,824
Profit before income taxes	306,919	70,824
Income taxes	115,340	21,955
Net income	191,578	48,868

Quarterly Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended March 31, 2023	For the six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	306,919	70,824
Depreciation	12,602	15,711
Increase (decrease) in allowance for doubtful accounts	(130)	-
Increase (decrease) in provision for bonuses	(19,829)	1,140
Increase (decrease) in provision for retirement benefits	4,710	3,280
Interest and dividend income	(2)	(2)
Interest expenses	780	3,530
Foreign exchange losses (gains)	-	(1,131)
Subsidy income	-	(871)
Loss (gain) on sale of non-current assets	(1,038)	-
Decrease (increase) in trade receivables	(280,819)	(95,309)
Decrease (increase) in inventories	(114,688)	505,767
Increase (decrease) in trade payables	83,753	1,987
Increase(decrease)in accounts payable - other	36,255	128,489
Other, net	25,601	70,434
Subtotal	54,113	703,851
Interest and dividends received	2	2
Interest paid	(780)	(3,530)
Subsidies received	-	871
Payment(refund) of income taxes	1	(35,591)
Net cash provided by (used in) operating activities	53,337	665,602
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,751)	(4,028)
Proceeds from sale of property, plant and equipment	3,454	-
Purchase of intangible assets	(2,120)	(36,733)
Net cash provided by (used in) investing activities	(10,417)	(40,762)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(700,000)
Proceeds from long-term borrowings	-	300,000
Repayments of long-term borrowings	(17,500)	(16,600)
Dividends paid	(77,581)	(71,793)
Proceeds from sale of treasury shares	-	15,598
Net cash provided by (used in) financing activities	(95,081)	(472,795)
Effect of exchange rate change on cash and cash equivalents	-	1,131
Net increase (decrease) in cash and cash equivalents	(52,161)	153,176
Cash and cash equivalents at beginning of period	898,135	876,207
Cash and cash equivalents at end of period	845,974	1029383