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Non-consolidated Financial Results for the Year Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

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 Listing: Tokyo
 Securities code: 7800
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 Scheduled date of annual general meeting of shareholders: December 26, 2024
 Scheduled date to commence dividend payments: December 6, 2024
 Scheduled date to file annual securities report: December 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

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

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2024	8,602	5.8	(298)	-	(286)	-	(283)	-
September 30, 2023	8,131	37.4	181	(38.5)	202	(22.1)	147	(33.6)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2024	(94.20)	-	(13.3)	(7.0)	(3.5)
September 30, 2023	46.89	-	6.1	5.4	2.2

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	3,809	1,883	49.4	623.96
September 30, 2023	4,409	2,392	54.3	798.91

(Reference) Equity: As of September 30, 2024: ¥ 1,883 million
 As of September 30, 2023: ¥ 2,392 million

(3) Non-consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended September 30, 2024	441	(44)	(555)	719
September 30, 2023	(1,033)	(35)	1,047	876

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2023	-	0.00	-	24.00	24.00	71	51.2	3.1
September 30, 2024	-	0.00	-	24.00	24.00	72	-	3.4
Fiscal year ending								
September 30, 2025 (Forecast)	-	0.00	-	24.00	24.00		53.7	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,300	8.1	215	-	210	-	135	-	44.72

* Notes:

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(2) Number of issued shares (common shares)

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

September 30, 2024:	3,235,000	shares
September 30, 2023:	3,235,000	shares

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

September 30, 2024:	216,439	shares
September 30, 2023:	240,049	shares

3) Average number of shares outstanding during the period:

Fiscal Year ended September 30, 2024:	3,014,182	shares
Fiscal Year ended September 30, 2023:	3,144,211	shares

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

* Proper use of earnings forecasts, and other special matters

(Explanation for the appropriate use of performance forecasts)

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, etc. may differ materially from these forecasts due to various factors.

1. Overview of Operating Results, etc.

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

In the current fiscal year (October 1, 2023 to September 30, 2024), Japan's economy remained in an uncertain situation due to changes of the Bank of Japan's interest rate policy, the rapid and significant depreciation of the yen, and a surge in prices of various goods, earthquakes, and unfavorable weather.

In this environment, we actively engaged in new projects and proposals for new products, including seasonal events such as Christmas, and focused on selling lifestyle goods to our main customers, 100-yen shops. As a result, our net sales exceeded the same period of the previous fiscal year, reaching its highest record since our establishment. On the other hand, we had been working on sales activities that emphasize the profitability of each product, as well as actively reducing costs and improving productivity. However, because of factors such as rising purchase prices due to the significant depreciation of the yen, increased logistics costs due to increased sales volume, increased labor costs due to business expansion, and valuation losses on inventory that we determined to be outside of our business cycle, we have recorded our first loss since our establishment.

As a result, the summary of the financial results for the fiscal year are as follows;

	Net sales	Operating profit (loss)	Ordinary profit (loss)	Net income (Net loss)
Fiscal year ended	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
September 30, 2024	8,602,129	(298,058)	(286,447)	(283,924)
September 30, 2023	8,131,382	181,596	202,728	147,436
Difference	470,747	(479,654)	(489,176)	(431,361)
Ratio (%)	5.8%	-	-	-

Net sales increased by 470,747 thousand yen (5.8% increase) from the previous fiscal year to 8,602,129 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 previous fiscal year.

As shown in the table below, cumulative sales of lifestyle miscellaneous goods by product group for this fiscal year were 8,119,932 thousand yen (5.1% increase) for "One Price Products" and 482,197 thousand yen (18.2% increase) for "Petite Price Products".

	One price Products	One petite Products	Total
Fiscal year ended	Thousands of yen	Thousands of yen	Thousands of yen
September 30, 2024	8,119,932	482,197	8,602,129
September 30, 2023	7,723,490	407,891	8,131,382
Difference	396,441	74,306	470,747
Ratio (%)	5.1%	18.2%	5.8%

Although we had been working on sales activities that emphasize the profitability of each product, as well as actively reducing costs and improving productivity, the cost of sales ratio increased by 4.8 points due to rising purchase prices caused by the significant depreciation of the yen, and increase of valuation losses on inventory that we determined to be outside of our business cycle. In addition, while there were some results from efforts to reduce logistics costs, selling, general and administrative expenses increased by 224,029

thousand yen (8.9% increase) due to increased logistics costs caused by increased sales volume, increased labor costs caused by business expansion, etc. As a result, operating loss was 298,058 thousand yen (operating profit of 181,596 thousand yen in the previous fiscal year).

In non-operating income and expenses, the difference between non-operating income and expenses decreased by 9,521 thousand yen from the previous fiscal year due to a decrease in foreign exchange gains and an increase in interest paid, etc. from the previous fiscal year. As a result, ordinary loss was 286,447 thousand yen (ordinary profit of 202,728 thousand yen in the previous fiscal year).

As a result of the above, net loss for the current fiscal year was 283,924 thousand yen (net income of 147,436 thousand yen in the previous fiscal year).

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

(Assets)

As of the end of the fiscal year, current assets were amounted 3,553,187 thousand yen, decreasing of 686,662 thousand yen from the end of previous fiscal year. This was mainly due to a decrease in cash and deposits of 157,136 thousand yen, accounts receivable of 43,815 thousand yen, and inventories of 371,422 thousand yen previously. Fixed assets were amounted 255,922 thousand yen, increasing of 86,644 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 92,432 thousand yen in deferred tax assets.

As a result, total assets were amounted 3,809,110 thousand yen, decreasing of 600,018 thousand yen from the end of the previous fiscal year.

(Liabilities)

As of the end of the fiscal year, current liabilities were amounted 1,335,328 thousand yen, decreasing of 393,197 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 104,092 thousand yen in accounts payable-trade, 199,599 thousand yen in current portion of long-term borrowings, 150,577 thousand yen in accounts payable-other, and 185,389 thousand yen in other current liabilities previously, but a decrease of 1,000,000 thousand yen in short-term borrowings and 35,325 thousand yen in income taxes payable previously. Fixed liabilities were amounted 590,305 thousand yen, increasing of 302,407 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 300,666 thousand yen in long-term borrowings.

As a result, total liabilities were amounted 1,925,634 thousand yen, decreasing of 90,790 thousand yen from the end of the previous fiscal year.

(Net assets)

As of the end of the fiscal year, total net assets were amounted 1,883,476 thousand yen, decreasing of 509,228 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in net loss for the current fiscal year of 283,924 thousand yen, dividends paid of 71,878 thousand yen, and deferred gains or losses on hedges of 169,007 thousand yen.

As a result, the capital adequacy ratio was 49.4% (54.3% at the end of the previous fiscal year).

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

Cash and cash equivalents were amounted 719,071 thousand yen at the end of current fiscal year, decreasing of 157,136 thousand yen from the end of the previous fiscal year.

The overview of each cash flow for the current fiscal year and the factors for them are as follows;

(Cash Flows from Operating Activities)

Net cash provided by operating activities during the fiscal year totaled 441,886 thousand yen (Net cash used 1,033,785 thousand yen during the previous fiscal year). This was mainly due to net cash provided due to a decrease in accounts receivable of 43,492 thousand yen, a decrease in inventory of 371,422 thousand yen, an increase in accounts payable of 104,092 thousand yen, and an increase in accounts payable-other of 162,181 thousand yen.

(Cash Flows from Investment Activities)

Net cash used in investing activities during the fiscal year came to 44,200 thousand yen (Net cash used 35,498 thousand yen during the previous fiscal year). This was mainly due to expenditures of 7,067 thousand yen for the acquisition of tangible fixed assets and 37,133 thousand yen for the acquisition of intangible fixed assets.

(Cash Flows from Financing Activities)

Net cash used in financing activities during the fiscal year came to 555,953 thousand yen (Net cash provided 1,047,356 thousand yen during the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of 1,000,000 thousand yen, proceeds from long-term borrowings of 600,000 thousand yen, and dividend payments of 71,802 thousand yen.

(4) Future outlook

Japan's economy is facing a number of global uncertainties, including the slowdown in the Chinese economy, U.S. policies following the U.S. presidential election, the situation in the Middle East, and the situation in Ukraine. There are ongoing concerns about the impact of these factors on raw material and energy price trends, as well as the impact of rising prices of various goods due to the depreciation of the yen and labor shortages, and we consider that the situation will remain uncertain.

Under this environment, we will work to further strengthen our product development, planning and proposal capabilities, and sales capabilities in order to meet consumer needs and seeds, while also working to reduce costs including logistics costs, and improve productivity, aiming to achieve a V-shaped recovery and return to profit.

On the above, we forecast net sales of 9,300 million yen, operating profit of 215 million yen, ordinary profit of 210 million yen, and net income of 135 million yen for the fiscal year ending September 2025.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	876,207	719,071
Notes receivable - trade	2,756	1,746
Electronically recorded monetary claims - operating	3,060	4,394
Accounts receivable - trade	717,168	673,352
Inventories	2,428,371	2,056,949
Advance payments to suppliers	30,910	31,052
Prepaid expenses	37,440	38,387
Income taxes refund receivable	-	27,363
Other	143,934	869
Total current assets	4,239,850	3,553,187
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	74,437	75,858
Accumulated depreciation	(58,838)	(62,184)
Facilities attached to buildings, net	15,599	13,673
Vehicles	2,960	2,960
Accumulated depreciation	(2,959)	(2,959)
Vehicles, net	0	0
Tools, furniture and fixtures	151,415	156,999
Accumulated depreciation	(122,813)	(135,361)
Tools, furniture and fixtures, net	28,601	21,637
Total property, plant and equipment	44,200	35,311
Intangible assets		
Trademark right	2,274	2,175
Software	31,421	70,748
Software in progress	34,433	-
Other	288	288
Total intangible assets	68,418	73,212
Investments and other assets		
Long-term prepaid expenses	556	-
Deferred tax assets	6,061	98,494
Leasehold deposits	50,041	48,904
Total investments and other assets	56,659	147,399
Total non-current assets	169,278	255,922
Total assets	4,409,129	3,809,110

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	63,590	167,683
Short-term borrowings	1,300,000	300,000
Current portion of long-term borrowings	-	199,599
Accounts payable - other	285,315	435,892
Accrued expenses	14,708	15,672
Income taxes payable	35,590	265
Deposits received	11,175	11,982
Provision for bonuses	18,044	18,742
Other	101	185,491
Total current liabilities	1,728,526	1,335,328
Non-current liabilities		
Long-term borrowings	-	300,666
Provision for retirement benefits	33,562	35,303
Long-term obligations to directors	254,335	254,335
Total non-current liabilities	287,897	590,305
Total liabilities	2,016,424	1,925,634
Net assets		
Shareholders' equity		
Share capital	37,220	37,220
Capital surplus		
Legal capital surplus	5,220	5,220
Other capital surplus	268,248	268,366
Total capital surplus	273,468	273,586
Retained earnings		
Legal retained earnings	8,000	8,000
Other retained earnings		
General reserve	400,000	400,000
Retained earnings brought forward	1,783,510	1,427,707
Total retained earnings	2,191,510	1,835,707
Treasury shares	(157,231)	(141,766)
Total shareholders' equity	2,344,967	2,004,746
Valuation and translation adjustments		
Deferred gains or losses on hedges	47,737	(121,270)
Total valuation and translation adjustments	47,737	(121,270)
Total net assets	2,392,704	1,883,476
Total liabilities and net assets	4,409,129	3,809,110

Non-consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Net sales	8,131,382	8,602,129
Cost of sales		
Beginning merchandise inventory	1,014,249	1,986,566
Cost of purchased goods	6,402,335	5,639,978
Total	7,416,585	7,626,544
Ending merchandise inventory	1,986,566	1,470,152
Cost of sales	5,430,019	6,156,391
Gross profit	2,701,363	2,445,738
Selling, general and administrative expenses	2,519,767	2,743,796
Operating profit (loss)	181,596	(298,058)
Non-operating income		
Interest income	4	37
Foreign exchange gains	21,173	17,775
Subsidy income	-	871
Gain on sale of non-current assets	1,382	-
Compensation income	1,649	562
Interest on tax refund	-	411
Other	440	19
Total non-operating income	24,650	19,677
Non-operating expenses		
Interest expenses	2,508	6,040
Loss on retirement of non-current assets	500	-
Commission for purchase of treasury shares	333	-
Guarantee commission	-	2,025
Other	174	-
Total non-operating expenses	3,518	8,065
Ordinary profit (loss)	202,728	(286,447)
Profit (loss) before income taxes	202,728	(286,447)
Income taxes - current	55,257	535
Income taxes - deferred	34	(3,058)
Total income taxes	55,292	(2,522)
Net income (Net loss)	147,436	(283,924)

Non-consolidated Statements of Changes in Equity
For the fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	37,220	5,220	268,248	273,468	8,000	400,000	1,713,713	2,121,713
Changes during period								
Dividends of surplus							(77,638)	(77,638)
Net income (Net loss)							147,436	147,436
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	69,797	69,797
Balance at end of period	37,220	5,220	268,248	273,468	8,000	400,000	1,783,510	2,191,510

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(31)	2,432,370	40,548	40,548	2,472,918
Changes during period					
Dividends of surplus		(77,638)			(77,638)
Net income (Net loss)		147,436			147,436
Purchase of treasury shares	(157,200)	(157,200)			(157,200)
Net changes in items other than shareholders' equity			7,188	7,188	7,188
Total changes during period	(157,200)	(87,402)	7,188	7,188	(80,213)
Balance at end of period	(157,231)	2,344,967	47,737	47,737	2,392,704

For the fiscal year ended September 30, 2024

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	37,220	5,220	268,248	273,468	8,000	400,000	1,783,510	2,191,510
Changes during period								
Dividends of surplus							(71,878)	(71,878)
Net income (Net loss)							(283,924)	(283,924)
Purchase of treasury shares								
Disposal of treasury shares			118	118				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	118	118	-	-	(355,803)	(355,803)
Balance at end of period	37,220	5,220	268,366	273,586	8,000	400,000	1,427,707	1,835,707

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(157,231)	2,344,967	47,737	47,737	2,392,704
Changes during period					
Dividends of surplus		(71,878)			(71,878)
Net income (Net loss)		(283,924)			(283,924)
Purchase of treasury shares	(15)	(15)			(15)
Disposal of treasury shares	15,480	15,598			15,598
Net changes in items other than shareholders' equity			(169,007)	(169,007)	(169,007)
Total changes during period	15,464	(340,220)	(169,007)	(169,007)	(509,228)
Balance at end of period	(141,766)	2,004,746	(121,270)	(121,270)	1,883,476

Non-consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended September 30, 2023	For the fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	202,728	(286,447)
Depreciation	35,551	37,146
Increase (decrease) in allowance for doubtful accounts	(130)	-
Increase (decrease) in provision for bonuses	(18,793)	698
Increase (decrease) in provision for retirement benefits	5,213	1,740
Interest and dividend income	(4)	(37)
Interest expenses	2,508	6,040
Foreign exchange losses (gains)	-	(1,131)
Compensation income	(1,649)	(562)
Subsidy income	-	(871)
Interest on tax refund	-	(411)
Expenses for treasury stocks	333	-
Loss (gain) on sale of non-current assets	(1,382)	-
Loss on retirement of non-current assets	500	-
Decrease (increase) in trade receivables	(162,870)	43,492
Decrease (increase) in inventories	(1,113,074)	371,422
Increase (decrease) in trade payables	30,896	104,092
Increase (decrease) in accounts payable - other	48,553	162,181
Other, net	(40,126)	70,701
Subtotal	(1,011,744)	508,056
Interest and dividends received	4	37
Interest paid	(2,508)	(6,040)
Subsidies received	-	871
Proceeds from compensation	127	1,776
Proceeds from interest on refund	-	411
Income taxes paid	(19,664)	(63,224)
Net cash provided by (used in) operating activities	(1,033,785)	441,886
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,891)	(7,067)
Proceeds from sale of property, plant and equipment	3,454	-
Purchase of intangible assets	(17,761)	(37,133)
Payments for retirement of intangible assets	(428)	-
Proceeds from refund of leasehold and guarantee deposits	129	-
Net cash provided by (used in) investing activities	(35,498)	(44,200)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,300,000	(1,000,000)
Proceeds from long-term borrowings	-	600,000
Repayments of long-term borrowings	(17,500)	(99,733)
Purchase of treasury shares	(157,533)	(15)
Dividends paid	(77,610)	(71,802)
Proceeds from sale of treasury shares	-	15,598
Net cash provided by (used in) financing activities	1,047,356	(555,953)
Effect of exchange rate change on cash and cash equivalents	-	1,131
Net increase (decrease) in cash and cash equivalents	(21,928)	(157,136)
Cash and cash equivalents at beginning of period	898,135	876,207
Cash and cash equivalents at end of period	876,207	719,071