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Financial Results for the Nine Months Ended June 30, 2023
[Japanese GAAP]

August 14, 2023

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

(Amounts of less than one million yen are rounded down.)

1. Financial Results for Nine Months Ended June 30, 2023 (October 1, 2022, to June 30, 2023)

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

	Net sales		Operating income		Ordinary income		Net income	
For the Nine months ended	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
June 30, 2023	6,358	43.5	246	(26.8)	270	(14.9)	169	(14.8)
June 30, 2022	4,429	21.2	336	27.7	318	18.2	198	22.2

	Net income per share	Diluted net income per share
For the Nine months ended	Yen	Yen
June 30, 2023	52.94	—
June 30, 2022	61.35	—

(2) Financial Position

	Total assets	Net assets	Equity Ratio
	Million Yen	Million Yen	%
As of June 30, 2023	3,499	2,403	68.7
As of September 30, 2022	3,084	2,472	80.2

2. Dividend

	Cash dividend per share				
	1Q	2Q	3Q	4Q	Total annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	—	0.00	—	24.00	24.00
Fiscal year ended September 30, 2023	—	0.00	—		
Fiscal year ending September 30, 2023 (Forecast)				24.00	24.00

3. Financial Results Forecast for the Fiscal Year Ending September 30,2023(October 1,2022 to September 30,2023)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Full year	Million Yen % 8,000 35.1	Million Yen % 164 (44.4)	Million Yen % 164 (36.9)	Million Yen % 102 (54.0)	Yen 32.44

(Note)Revisions from the most recently announced earnings forecasts: Yes

* Notes:

- (1) Accounting policies adopted specially for the preparation of quarterly financial statements: No
- (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 June 30,2023	3,235,000 shares
As of September 30,2022	3,235,000 shares

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

As of June 30,2023	240,049 shares
As of September 30,2022	49 shares

- 3) Average number of shares outstanding during the period

As of June 30,2023	3,194,511 shares
As of June 30,2022	3,234,998 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, etc. may differ materially from these forecasts due to several factors.

1. Qualitative information on quarterly financial results

(1) Explanation of operating results

During the third quarter cumulative period (from October 1, 2022 to June 30, 2023), the Japanese economy experienced an upward trend in consumer prices due to a rapid depreciation of the yen and rising raw material costs. However, there were signs of a gradual recovery, such as the movement towards the recovery of personal consumption in the transition to a new stage of living with COVID-19, the continuation of monetary easing, and the active stock market conditions. Under these circumstances, our company saw strong sales of event-related products such as Christmas and Valentine's Day, and by actively incorporating current trends in living with COVID-19 and proposing new marketing plans and products, our sales increased significantly. On the other hand, due to the inflated cost of purchasing products due to the depreciation of the yen, we have been working on price revision negotiations and cost reduction measures such as reducing logistics costs, and the improvement of productivity also has been contributed to the profit. However, the impact of the weak yen was significant, resulting in a decrease in profits compared to the same period of the previous year.

As a result, the business performance for the third quarter cumulative period is as follows.

	Net sales	Operating income	Ordinary income	Net income
	Thousand yen	Thousand yen	Thousand yen	Thousand yen
Nine months ended in June 30,2023	6,358,436	246,088	270,920	169,108
Nine months ended in June 30,2022	4,429,878	336,241	318,509	198,459
Difference	1,928,558	(90,153)	(47,588)	(29,350)
Ratio (%)	43.5	(26.8)	(14.9)	(14.8)

Net sales increased ¥1,928,558 thousand (up 43.5%) year on year to ¥6,358,436 thousand. We analyze this as the result of consumers getting used to the new lifestyle after the COVID-19 pandemic and being able to afford to prefer our mainstay luxury goods, and as an internal factor, the effect of deep marketing to the new consumer sentiment appeared, and the effect of a significant increase in the product hit rate appeared.

Sales in the first and second quarters were driven by higher sales of event-related products such as Christmas and Valentine's Day. In addition to the success of products that accurately capture demand for "Stay-at-home consumption" and the new "High-looking" product group that seems to be more expensive than the retail price of 100 yen, the expansion of licensed products led to an increase in sales of "year-round products" that can be sold throughout the fiscal year. As a result, sales continued to be strong in the third quarter, with a significant increase of 43.5% year-on-year.

As shown in the table below, cumulative sales of the Company's lifestyle miscellaneous goods by product group were 6,016,515 thousand yen (up 45.0% from the same term last year) for "One-price products" and 341,921 thousand yen (up 22.0% from the same term last year) for "Petite price products".

	One price Products	One petite Products	Total
	Thousand yen	Thousand yen	Thousand yen
Nine months ended in June 30,2023	6,016,515	341,921	6,358,436
Nine months ended in June 30,2022	4,149,524	280,354	4,429,878
Difference	1,866,991	61,567	1,928,558
Ratio (%)	45.0	22.0	43.5

Operating income decreased ¥90,153 thousand (down 26.8%) year on year to ¥246,088 thousand. This was due to the fact that although there was an increase in profit from a significant increase in sales volume and negotiations on price revisions, we were unable to absorb the impact of the yen's depreciation on costs, and in SG&A expenses, although there were certain results from efforts to reduce logistics costs and DX initiatives, there were factors that caused a decrease in profit, such as an increase in labor costs. Ordinary income decreased 47,588-thousand-yen (down 14.9%) year on year to 270,920 thousand yen. This was due to a foreign exchange loss of 17,554 thousand yen on non-operating expenses during the previous third quarter, but a foreign exchange gain of 24,988 thousand yen on non-operating income during the third quarter under review. As a result, net income for the quarter decreased ¥29,350 thousand (down 14.8%) year on year to ¥169,108 thousand.

(2) Explanation of financial position

Assets

Current assets at the end of the third quarter were 3,342,593 thousand yen, an increase of 408,261 thousand yen from the end of the previous fiscal year. This was due to a decrease of 184,120 thousand yen in cash and deposits, while an increase in inventories by 557,902 thousand yen. Fixed assets were 157,326 thousand yen, an increase of 6,919 thousand yen from the end of the previous fiscal year. This was due to an increase of 3,849 thousand yen in property, plant and equipment and an increase of 2,698 thousand yen in intangible assets.

As a result, total assets were 3,499,920 thousand yen, an increase of 415,181 thousand yen from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the third quarter were 806,820 thousand yen, an increase of 477,684 thousand yen from the end of the previous fiscal year. This was due to an increase of 400,000 thousand yen in short-term borrowings and 82,145 thousand yen in income taxes payable, while allowances for bonuses decreased by 36,837 thousand yen and long-term loans scheduled to be repaid within one year decreased by 17,500 thousand yen. Fixed liabilities amounted to 289,281 thousand yen, an increase of 6,598 thousand yen from the end of the previous fiscal year. This was due to an increase in retirement benefit allowances of 6,598 thousand yen.

As a result, total liabilities were 1,096,102 thousand yen, an increase of 484,282 thousand yen from the end of the previous fiscal year.

Net Assets

Total net assets at the end of the third quarter were 2,403,817 thousand yen, a decrease of 69,101 thousand yen from the end of the previous fiscal year. This was due to net income of 169,108-thousand-yen, dividend payments of 77,638 thousand yen, and share buybacks of 157,200 thousand yen.

As a result, the equity ratio decreased by 11.5 percentage points from the end of the previous fiscal year to 68.7%.

2. Explanation of forward-looking information such as performance forecasts

There is the change to the figures in the forecast announced on May 15, 2023.

Our sales revenue is expected to significantly increase due to the strong performance of event-related products such as Christmas and Valentine's Day items, as well as the successful introduction of new plans and products that actively incorporate the new lifestyle trends of living with COVID-19. This sales revenue is expected to be the highest in our history. On the other hand, regarding profits, although we have seen results from a significant increase in sales, price revision negotiations considering the depreciation of the yen, cost reduction mainly in logistics costs, and productivity improvements, we expect these to be offset by the soaring purchase prices of products due to the depreciation of the yen. Therefore, we are maintaining our earnings forecast.

2. Financial Statements
(1) Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	898,135	714,015
Notes and accounts receivable - trade	556,416	599,207
Electronically recorded monetary claims - operating	3,698	5,580
Inventories	1,315,296	1,873,199
Other	160,914	150,590
Allowance for doubtful accounts	△130	-
Total current assets	2,934,331	3,342,593
Non-current assets		
Property, plant and equipment	46,691	50,540
Intangible assets	41,385	44,084
Investments and other assets	62,330	62,701
Total non-current assets	150,406	157,326
Total assets	3,084,738	3,499,920
Liabilities		
Current liabilities		
Accounts payable - trade	32,693	83,192
Short-term borrowings	-	400,000
Current portion of long-term borrowings	17,500	-
Accounts payable - other	212,630	205,134
Income taxes payable	-	82,145
Provision for bonuses	36,837	-
Other	29,475	36,348
Total current liabilities	329,136	806,820
Non-current liabilities		
Provision for retirement benefits	28,348	34,946
Long-term obligations to directors	254,335	254,335
Total non-current liabilities	282,683	289,281
Total liabilities	611,820	1,096,102
Net assets		
Shareholders' equity		
Share capital	37,220	37,220
Capital surplus	273,468	273,468
Retained earnings	2,121,713	2,213,182
Treasury shares	△31	△157,231
Total shareholders' equity	2,432,370	2,366,639
Valuation and translation adjustments		
Deferred gains or losses on hedges	40,548	37,177
Total valuation and translation adjustments	40,548	37,177
Total net assets	2,472,918	2,403,817
Total liabilities and net assets	3,084,738	3,499,920

(2) Income Statements

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	4,429,878	6,358,436
Cost of sales	2,584,796	4,224,898
Gross profit	1,845,082	2,133,538
Selling, general and administrative expenses	1,508,840	1,887,450
Operating income	336,241	246,088
Non-operating income		
Interest income	3	2
Foreign exchange gains	-	24,988
Gain on sale of non-current assets	-	1,038
Compensation income	369	386
Other	40	434
Total non-operating income	413	26,851
Non-operating expenses		
Interest expenses	444	1,216
Foreign exchange losses	17,554	-
Loss on retirement of non-current assets	-	428
Commission for purchase of treasury shares	-	333
Other	146	39
Total non-operating expenses	18,145	2,018
Ordinary income	318,509	270,920
Profit before income taxes	318,509	270,920
Income taxes	120,049	101,812
Net income	198,459	169,108