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Financial Results for the Nine Months Ended June 30, 2024 [Japanese GAAP]

August 14, 2024

Company name: Amifa Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7800
 URL: <https://www.amifa.co.jp/>
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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 Nine Months Ended June 30, 2024 (October 1, 2023 to June 30, 2024)

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

	Net sales		Operating income(loss)		Ordinary income(loss)		Net income(loss)	
For the nine months ended	Million	Yen %	Million	Yen %	Million	Yen %	Million	Yen %
June 30, 2024	6,720	5.7	(87)	—	(105)	—	(72)	—
June 30, 2023	6,358	43.5	246	(26.8)	270	(14.9)	169	(14.8)

	Net income(loss) per share	Diluted net income per share
For the nine months ended	Yen	Yen
June 30, 2024	(24.12)	—
June 30, 2023	52.94	—

(2) Financial Position

	Total assets	Net assets	Equity Ratio
	Million Yen	Million Yen	%
As of June 30, 2024	3,696	2,271	61.5
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)

Full year	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
	8,700	(7.0)	(400)	-	(420)	-	(370)	-	(122.81)

(Note) There is revision from the most recently announced financial results forecast.

* 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 third 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 June 30,2024	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 June 30,2024	216,415 shares
As of September 30,2023	240,049 shares

3) Average number of shares outstanding during the period

As of June 30,2024	3,012,712 shares
As of June 30,2023	3,194,511 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 cumulative period of the third quarter (October 1, 2023 to June 30, 2024), Japan's economy remained in an uncertain situation due to the lifting of the Bank of Japan's negative interest rate policy, the rapid depreciation of the yen, and a surge in prices against the backdrop of labor shortages.

In this environment, we actively engaged in new projects and proposals for new products, including seasonal events such as Christmas and Valentine's Day, and focused on selling lifestyle goods to our main customers, 100-yen shops, resulting in sales that exceeded the same period of the previous year.

On the other hand, despite the effects of an increase in sales volume and sales that emphasized the profitability of individual products, we recorded a loss due to a significant increase in cost of sales.

As a result, the summary of the operating results for the third quarter is as follows.

(1,000 yen)

	Sales	Operating Income(loss)	Ordinary Income(loss)	Quarterly Net Income(loss)
For the nine months ended June 30 2024	6,720,083	△87,284	△105,311	△72,665
For the nine months ended June 30 2023	6,358,436	246,088	270,920	169,108
Difference	361,646	△333,372	△376,232	△241,773
Ratio(%)	5.7	—	—	—

Net sales increased 361,646 thousand yen (5.7%) year on year to 6,720,083 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 the third quarter of the fiscal year were 6,359,355 thousand yen (up 5.7% year-on-year) for one-price products and 360,727 thousand yen (up 5.5% from the same period last year) for petit price products.

(1,000 yen)

	One Price Goods	Petit Price Goods	Total
For the nine months ended June 30 2024	6,359,355	360,727	6,720,083
For the nine months ended June 30 2023	6,016,515	341,921	6,358,436
Difference	342,840	18,805	361,646
Ratio(%)	5.7	5.5	5.7

Operating profit resulted in an operating loss of 87,284 thousand yen, a decrease of 333,372 thousand yen compared to the same period of the previous year. This was due to several factors. Although there were positive effects from increased sales and certain achievements in sales efforts focusing on profitability, there were also negative factors such as the significant and rapid depreciation of the yen, increased logistics-related costs due to higher logistics volumes, increased labor costs, and losses from the write down of inventories. The ordinary income decreased by 376,232 thousand yen compared to the same period of the previous year, resulting in an ordinary loss of 105,311 thousand yen. This was mainly due to a decrease in operating income of 333,372 thousand yen, as well as a foreign exchange gain of 24,988 thousand yen in the previous third quarter cumulative period, which turned into a foreign exchange loss of 13,819 thousand yen in the current third quarter cumulative period, resulting in a difference of 38,807 thousand yen in foreign exchange gains and losses.

As a result, the net profit for nine months decreased by 241,773 thousand yen compared to the same period of the previous year, resulting in the net loss of 72,665 thousand yen.

Since our business is a single segment of the lifestyle goods business, there is no segments information.

(2) Explanation of financial position

(Assets)

Current assets at the end of the third quarter were 3,537,110 thousand yen, a decrease of 702,739 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 130,578 thousand yen, a decrease in notes receivable and notes and accounts receivable by 91,874 thousand yen, and a decrease in inventories of 498,255 thousand yen. Fixed assets were 159,625 thousand yen, a decrease of 9,653 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 5,549 thousand yen in investments and other assets.

As a result, total assets were 3,696,735 thousand yen, a decrease of 712,393 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the third quarter were 783,504 thousand yen, a decrease of 945,021 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 199,599 thousand yen in long-term borrowings and an increase of 83,644 thousand yen in accounts payable-other, while a decrease in short-term borrowings by 1,200,000 thousand yen. Fixed liabilities were 641,394 thousand yen, an increase of 353,496 thousand yen from the end of the previous fiscal year. This was due to an increase in long-term borrowings of 350,566 thousand yen.

As a result, total liabilities were 1,424,899 thousand yen, a decrease of 591,525 thousand yen from the end of the previous fiscal year.

(Net assets)

The total net assets at the end of the third quarter of the fiscal year amounted to 2,271,836 million yen, a decrease of 120,868 million yen compared to the end of the previous fiscal year. This was mainly due to a quarterly net loss of 72,665 million yen, a dividend payment of 71,878 million yen resulting in a decrease in retained earnings of 144,544 million yen, an increase in deferred hedge gains of 8,092 million yen, and a decrease in treasury stock of 15,464 million yen due to the disposal of treasury stock.

As a result, the equity ratio increased by 7.2 points compared to the end of the previous fiscal year, reaching 61.5%.

(3) Explanation of Future Forecast Information such as Performance Forecasts.

Net sales are expected to be the highest ever, but they are expected to be lower than our earnings forecast due to our focus on profitability.

In terms of profits, although the effects of profit-oriented sales and productivity improvements have been achieved, profit is expected to decline significantly due to the impact of soaring purchase prices of imported products due to the rapid and significant depreciation of the yen, inventory write-downs, and increases in logistics and labor-related costs. We have judged that it will be difficult to achieve the full-year earnings forecast announced on November 14, 2023, and have revised the earnings forecast downward.

Regarding the dividend forecast for the fiscal year ending September 2024, as announced on November 14, 2023, we plan to maintain the year-end dividend of 24 yen per share, with no changes.

Quarterly Non-consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	876,207	745,629
Notes and accounts receivable - trade	719,924	628,050
Electronically recorded monetary claims - operating	3,060	20,111
Inventories	2,428,371	1,930,116
Income taxes refund receivable	-	60,274
Other	212,285	153,066
Allowance for doubtful accounts	-	(138)
Total current assets	4,239,850	3,537,110
Non-current assets		
Property, plant and equipment	44,200	40,748
Intangible assets	68,418	67,766
Investments and other assets	56,659	51,110
Total non-current assets	169,278	159,625
Total assets	4,409,129	3,696,735
Liabilities		
Current liabilities		
Accounts payable - trade	63,590	80,234
Short-term borrowings	1,300,000	100,000
Current portion of long-term borrowings	-	199,599
Accounts payable - other	285,315	368,959
Income taxes payable	35,590	-
Provision for bonuses	18,044	-
Other	25,986	34,710
Total current liabilities	1,728,526	783,504
Non-current liabilities		
Long-term borrowings	-	350,566
Provision for retirement benefits	33,562	36,492
Long-term obligations to directors	254,335	254,335
Total non-current liabilities	287,897	641,394
Total liabilities	2,016,424	1,424,899
Net assets		
Shareholders' equity		
Share capital	37,220	37,220
Capital surplus	273,468	273,586
Retained earnings	2,191,510	2,046,966
Treasury shares	(157,231)	(141,766)
Total shareholders' equity	2,344,967	2,216,006
Valuation and translation adjustments		
Deferred gains or losses on hedges	47,737	55,830
Total valuation and translation adjustments	47,737	55,830
Total net assets	2,392,704	2,271,836
Total liabilities and net assets	4,409,129	3,696,735

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

(Thousands of yen)

	For the nine months ended June 30, 2023	For the nine months ended June 30, 2024
Net sales	6,358,436	6,720,083
Cost of sales	4,224,898	4,682,565
Gross profit	2,133,538	2,037,517
Selling, general and administrative expenses	1,887,450	2,124,801
Operating income (loss)	246,088	(87,284)
Non-operating income		
Interest income	2	2
Foreign exchange gains	24,988	-
Subsidy income	-	871
Gain on sale of non-current assets	1,038	-
Compensation income	386	548
Interest on tax refund	77	411
Other	356	19
Total non-operating income	26,851	1,852
Non-operating expenses		
Interest expenses	1,216	4,571
Foreign exchange losses	-	13,819
Loss on retirement of non-current assets	428	-
Commission for purchase of treasury shares	333	-
Other	39	1,489
Total non-operating expenses	2,018	19,879
Ordinary income (loss)	270,920	(105,311)
Income (loss) before income taxes	270,920	(105,311)
Income taxes	101,812	(32,646)
Net income (loss)	169,108	(72,665)