Consolidated Financial Statements of the Fiscal Year Ended March 31, 2024
(Japanese accounting standards)

May. 15, 2024

Company name: H2O RETAILING CORPORATION Listing Tokyo Stock Exchange
Securities code 8242 URL https://www.h2o-retailing.co.jp/en
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Briefing session on financial results : Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Business Results of the Fiscal Year ended Mar. 31, 2024 (From Apr. 1, 2023, to Mar. 31, 2024)

(1) Consolidated operating results (Cumulative total) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	657,400	4.7	26,188	130.0	27,875	114.3	21,905	33.7
FY2023	628,089	21.1	11,388	—	13,004	454.3	16,382	65.9

(Note) Comprehensive income FY2024 26,352Millions of yen(2.2%) FY2023 25,778 Millions of yen(179.1%)

	Earnings per share	Earnings per share (Diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2024	189.82	188.05	8.5	4.0	4.0
FY2023	135.85	134.81	6.7	1.9	1.8

(Reference)Equity in earnings of affiliates FY2024 654 Millions of yen FY2023 △281Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Owner’s equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2024	709,212	293,149	37.8	2,323.87
FY2023	686,423	272,814	36.2	2,137.87

(Reference)Shareholders' equityFY2024 267,791 Millions of yen FY2023 248,821 Millions of yen

(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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	49,332	△17,752	△22,531	66,373
FY2023	30,295	5,782	△12,549	57,020

2. Dividends

	Annual dividends					Total dividends payment (Annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2023	—	12.50	—	12.50	25.00	2,995	18.4	1.2
FY2024	—	12.50	—	15.50	28.00	3,226	14.8	1.3
FY2025 (Forecast)	—	20.00	—	20.00	40.00		17.7	

(Note) Breakdown of dividends of fiscal year end of FY2024: ¥12.50 Special Payments ¥3.00

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending Mar. 31, 2025 (Apr. 1, 2024, to Mar. 31, 2025)

(Percentages indicate year-on-year changes for the full fiscal year and for the quarter.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half Year	339,000	6.4	10,600	7.1	10,285	△3.6	21,400	240.0	185.71
Full Year	700,000	6.5	26,500	1.2	26,500	△4.9	26,000	18.7	225.63

(Note) The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31,2020) and other standards from the beginning of the first quarter of FY2022. Consolidated gross sales, which is equivalent to net sales up to FY2021 excluding the effects of changes in accounting policies, amounted to ¥555,515 million (up 10.0% year on year) for the half year, and amounted to ¥1,162,500 million (up 8.3% year on year) for the full year.

*Notes

(1) Changes of significant subsidiaries during the period : None

(2) Changes in accounting policies, changes in accounting estimates or restatements

(i) Changes in accounting policies due to changes in consolidated accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement of due to correction : None

(3) Number of shares outstanding (common shares)

(i) Number of shares outstanding at the end of the period (including treasury stock)	FY2024	125,201,396 Shares	FY2023	125,201,396 Shares
(ii) Number of treasury stock at the end of the period	FY2024	9,965,972 Shares	FY2023	8,813,548 Shares
(iii) Average number of shares during the period	FY2024	115,398,233 Shares	FY2023	120,589,216 Shares

* These consolidated financial results are outside the scope of audit by certified public accountants or auditing firms.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

The forecasts of consolidated financial results in this document are based on information available as of the date this document is released. Actual business and other results may differ from the forecasts due to various factors. Please refer to the "2. Attached Materials: Forecast of FY2025" for the assumptions on which the forecasts are based and notes on the use of the forecasts.

○Attached Materials

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1.Status of Financial Results

▸ Sales

Consolidated net sales were ¥657,400 million, 104.7% year on year. Consolidated gross sales, which are equivalent to net sales up to the fiscal year before the application of Accounting Standard for Revenue Recognition, excluding the effects of changes in accounting policies, amounted to ¥1,073,866 million, 109.6% year on year. In Department Store Business, domestic consumption remained steady due to factors such as exchange rate and booming stock market and inbound sales reached record high. In Supermarket Business, existing store sales increased year on year due to increase in average spend per customer, resulting an increase in consolidated sales.

▸ Operating profit and ordinary profit

Operating profit was ¥26,188 million, 230.0% year on year and ordinary profit was ¥27,875 million, 214.3% year on year, both record highs, due to the improvement in profits accompanying the growth in sales in Department Store Business and increase in profits in each segment.

(Department Store Business)

In Department Store Business, domestic sales remained steady due to an increase in the number of customers because of the recovery from COVID-19 and growth mainly for strong high-end items sales in urban stores. Inbound sales reached a record high, partly due to the impact of the depreciation of yen.

In Hankyu Main Store, sales in all categories increased from the previous fiscal year. Overall sales of fashion, including cosmetics, were strong, and sales of jewelry, watches, and luxury brand fashions reached a record high, partly because of a boost in inbound sales.

Selling, general and administrative (SG&A) expenses increased overall due to an increase in personnel expenses and sales related expenses, such as card fees.

As a result of the above, gross sales were ¥577,140 million, 117.3% year on year and operating profit was ¥21,591 million, 209.6% year on year.

(Supermarket Business)

In Supermarket Business, gross sales were ¥425,626 million, 102.3% year on year and operating profit was ¥7,925 million, 144.9% year on year.

To improve sales and margins, in addition to measures to attract customers, such as promoting regular sales promotions on weekdays, we strengthened initiatives for prepared foods, private-brand products, and priority sales products.

Existing store sales at Izumiya Hankyu Oasis Co., Ltd. were 104.0% year-on-year (number of customers: 102.2%, average spend per customer: 101.7%), and Kansai Super Market Ltd. were 103.3% (number of customers: 99.4%, average spend per customer: 103.9%).

Both companies recorded year-on-year increases in existing store sales due to an increase in average customer spend as an effect of price hiking and a recovery in number of customers.

SG&A expenses remained in line with expectations, despite an increase in personnel expenses, due to efforts to control expenses, such as improving fixture to increase productivity and thoroughly optimizing store staff organization.

Profit of food manufacturing subsidiaries increased at Hankyu Delica i Co., Ltd. and Hankyu Bakery Co., Ltd. due to growth in wholesale sales outside the Group and sales at specialty stores. In home delivery subsidiaries, sales and profits declined due to the changes of the membership system accompanying the launch of a new center in Hankyu Kitchen Yale Kansai Inc.

(Shopping Center Business)

Gross sales were ¥32,056 million, 90.1% year on year and operating profit was ¥3,655 million, 202.2% year on year.

At Oi Development Co., Ltd., which operates business hotel, room occupancy rates stably exceeded 90%, and operating profit reached record high, because both business and tourist demand for accommodations recovered, as well as flexible pricing measures aimed at maximizing the average price per room and occupancy rates and the promotion of efficient management.

In H2O Shopping Center Development Co., Ltd., which operates management of Izumiya Shopping Center and sales of apparel and home products at Izumiya stores, we worked to strengthen profitability, optimize expenses, and strengthen collaboration with

local communities to differentiate from other commercial facilities. Although sales declined due to the reduction of direct operation area and the closure of Izumiya Shopping Center stores, operating income increased as a result of efforts to promotion of efficient management such as the approach for controlling expenses and increasing tenant sales and the installation of new event parcels were better than planned.

(Other Businesses)

Gross sales were ¥39,043 million, 107.9% year on year and operating loss was ¥21 million (operating loss of ¥3,100 million in the previous year). The specialty store subsidiaries increased in sales due to the recovery from COVID-19, and the operating profit and loss of the subsidiaries in Other Businesses, excluding the holding company, improved ¥482 million to become profitable.

▸ Profit attributable to owners of parent

The company recorded extraordinary income of ¥5,865 million including gain on sales of noncurrent assets of former logistic center of Department Store and extraordinary losses of ¥11,450 million, including loss on retirement of noncurrent assets of ¥2,737 million associated with the renovation of Hankyu Main Store and the remodeling of Kobe Hankyu and Takatsuki Hankyu, and impairment loss of ¥7,196 million. As a result, profit attributable to owners of parent was ¥21,905 million, 133.7% year on year.

2.Forecast of FY2025

Forecast of FY2025 are as follows:

Net sales ¥700,000 million, operating profit ¥26,500 million, ordinary profit ¥26,500 million and profit attributable to owners of parent ¥26,000 million.

Forecast of dividends for FY2025 is increased to ¥40 per share (second quarter ¥20.0 and fiscal year end ¥20.0).

(Millions of yen)

	Half Year	Full Year
Net sales	339,000	700,000
Operating profit	10,600	26,500
Ordinary profit	10,285	26,500
Profit attributable to owners of parent	21,400	26,000

3.Management Policy

Basic Management Policy

The company's basic philosophy is "To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents." Guided by this philosophy, the company established a vision; "To be a customer's lifestyle partner to enrich their hearts through offering "fun, happy and tasty" experiences, contributing to the future of the local community, children and our planet." The company strives to enhance the corporate value of the entire group.

With Long-Term Business Plan 2030 which centered on rebuilding existing businesses and challenges for new market and new business model, we provide a variety of products and services based on strong and deep ongoing relationships with our customers through direct communication and aim to continue to grow with the community as a "communication retailer", which offers various goods and services personally to our customers.

Mid- to Long-Term Business Plan and Challenges to be Addressed

[Issues and Challenges]

The Mid-term Management Plan (FY2022-FY2024), which aimed to "Recover from the COVID-19" and "Strengthen the business foundation," achieved better than planned results and built a solid business foundation. However, the current business environment is rapidly changing due to factors such as inflation, high costs, HR shortages, and an ever-changing consumer market, as well as expanding demands from capital markets and stakeholders.

Based on the achievements of the Mid-term Management Plan (FY2022-FY2024) and the changes in business environment, we will review our Long-term Business Plan 2030 and restructure our growth strategy. To realize the Long-Term Business Plan 2030, Mid-term Management Plan from FY2025 to FY2027, which is announced today, is positioned as a three-year period to promote expansion into new markets and new business models. We aim to establish new revenue sources by "Deepen existing businesses," "Focus on and strengthen overseas customer businesses," "Develop and deploy new revenue sources," and "Strengthen three management infrastructure: IT and digital/ customer data/ human resources," and work on each measure based on following policies and priority initiatives.

(1) Deepen existing businesses "Domestic customer and store business"

In Department Store Business, we work on to maximize LTV (lifetime value) by utilizing customer data with focusing on high-net-worth domestic customers. While Hankyu Main Store aims to become a global department store as a destination for a wide area of customers including domestic and overseas, we will undertake service business initiatives aim at expanding customer contact points and developing markets by leveraging the strengths of our department stores, such as revising renovation the Hanshin Umeda Main Store for improving the store's customer attraction rate and reviewing the business structure, and remodeling Kawanishi Hankyu.

In Supermarket Business, we will promote four food supermarkets integration of operation, organize the store positions and roles of approximately 240 stores, and develop price-appealing food supermarkets.

In Shopping Center Business, we will strengthen activities to connect with local communities, continue capital investment, and renovate OURS INN HANKYU.

In addition, we will prepare and deploy labor-saving, manpower-saving and energy-saving in whole group for improving management efficiency and productivity.

(2) Focus on and strengthen "High-net-worth overseas customer business" with high growth potential

In Department store business, for high-net-worth overseas customers, we will implement full-scale efforts to realize a cycle of customer development by personal communication by content development, and strengthen the system, human resources, and network for this purpose.

In Ningbo Hankyu in China, we will make the operating company a subsidiary and implement a remodel to establish the best store in the region.

(3) Develop and deploy new revenue sources

We will launch and promote an online service business for "food" and "health" in Kansai area, and develop our human resources

and IT infrastructure for the start of the customer data utilization business.

(4) Develop and utilize Group infrastructure supporting business

We will continue to invest in the IT/DX field, complete infrastructure development, and build and development applications that contribute to the expansion of existing businesses and the creation of new businesses.

As initiatives related to human capital, we will position the relationship between the company and individuals as “co-creation partners who enhance value and grow together,” and adopt 3 policies: optimization of organizational performance, activation of employee engagement, and enhancement of human resource infrastructure. We will pursue the improvement of synergy between corporate growth and individual growth by developing and strengthening human resource.

In sustainability management, we will promote specific environmental measures to achieve KPIs, as well as initiatives about human rights DD, D&I, and health management, and strengthen and promote the system for community co-creation activities, while proactively identify quantitative results of initiatives and disclose information.

(5) Strengthen initiatives for “Management conscious of cost of capital and stock price”

We will set dividend standards and flexibly return profits to shareholders in line with business performance through a combination of such as dividend increases and purchase treasury stock, while improving the total return ratio. We will also continue to reduce cross-shareholdings, invest in growth and M&A by the cash generated from the sale of cross-shareholdings, aim to build a balance sheet and improve our financial soundness that matches our business portfolio.

In addition, as part of efforts to expand the shareholder and investor base and strengthen communication, we will implement measures to increase the number of individual fan shareholders by promoting dialogue with the market and enhancing shareholder benefits.

For the aim of achieving further growth and enhancing our capital policies, we will steadily promote management under the priority guidelines of 5 points above.

We will work to enhance our corporate value by establishing our unique model, which is to gain the empathy of local communities and consumers and to increase our mindshare and market share by implementing centered on the Kansai area both business activities rooted in the "community" and sustainability activities.

Basic Policy Concerning Profit Distribution

The company's basic policy is to implement stable profit distribution with considering cash flow necessary to establish an appropriate financial base for mid-, long-term, and investment for growth in addition to the business performance of each fiscal year. The company will implement an appropriate profit distribution under the comprehensive assessment of the results and the consideration of an overall mid-, long-term plan, of Profit attributable to owners of parent, consolidated net assets, and consolidated cash flow, while actively communicating with the capital markets.

4. Basic Policy Concerning the Accounting Standard

The company adopts Japanese accounting standards as the accounting standard.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2023 (as of Mar. 31, 2023)	FY2024 (as of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	58,670	68,423
Notes and accounts receivable - trade	68,572	74,653
Merchandise and finished goods	19,800	19,403
Work in process	149	67
Raw materials and supplies	1,285	615
Accounts receivable - other	8,055	12,878
Other	5,306	4,657
Allowance for doubtful accounts	△430	△605
Total current assets	161,408	180,095
Non-current assets		
Property, plant and equipment		
Buildings and structures	355,118	348,878
Accumulated depreciation	△229,334	△227,558
Buildings and structures, net	125,783	121,319
Machinery, equipment and vehicles	9,557	9,175
Accumulated depreciation	△6,718	△6,695
Machinery, equipment and vehicles, net	2,839	2,480
Land	162,665	158,728
Construction in progress	1,465	978
Other	51,428	50,846
Accumulated depreciation	△40,929	△41,525
Other, net	10,498	9,320
Total property, plant and equipment	303,253	292,828
Intangible assets		
Software	6,672	12,583
Software in progress	7,267	8,538
Goodwill	1,690	1,183
Other	4,134	3,646
Total intangible assets	19,764	25,951
Investments and other assets		
Investment securities	101,249	103,951
Long-term loans receivable	11,454	9,498
Guarantee deposits	70,903	69,848
Retirement benefit asset	4,548	5,238
Deferred tax assets	14,901	22,650
Other	1,683	1,832
Allowance for doubtful accounts	△2,743	△2,682
Total investments and other assets	201,997	210,338
Total non-current assets	525,015	529,117
Total assets	686,423	709,212

(Millions of yen)

	FY2023 (as of Mar. 31, 2023)	FY2024 (as of Mar. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	63,674	78,875
Current portion of bonds payable	-	10,000
Current portion of long-term borrowings	15,350	350
Lease liabilities	839	713
Accounts payable - other	27,877	30,409
Income taxes payable	5,395	5,329
Gift certificates	8,908	8,608
Advances received	32,820	32,682
Provision for bonuses	4,740	7,172
Provision for bonuses for directors (and other officers)	109	199
Provision for loss on store closings	1,947	1,097
Provision for loss on liquidation of subsidiaries and associates	-	43
Provision for temporary expenses associated with reforms of human resource systems	682	-
Asset retirement obligations	570	209
Other	13,139	14,957
Total current liabilities	176,055	190,648
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	143,917	143,494
Long-term accounts payable - other	325	156
Lease liabilities	10,280	9,572
Deferred tax liabilities	31,735	32,130
Deferred tax liabilities for land revaluation	266	323
Provision for retirement benefits for directors (and other officers)	207	189
Provision for redemption of gift certificates	3,247	3,426
Long-term guarantee deposited	10,572	10,313
Net defined benefit liability	13,028	12,073
Asset retirement obligations	3,444	3,378
Other	526	355
Total non-current liabilities	237,553	225,414
Total liabilities	413,608	416,062
Net assets		
Shareholders' equity		
Share capital	17,796	17,796
Capital surplus	94,882	94,689
Retained earnings	105,473	124,078
Treasury shares	△11,938	△13,768
Total shareholders' equity	206,213	222,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	42,925	44,048
Revaluation reserve for land	303	671
Foreign currency translation adjustment	1,188	1,932
Remeasurements of defined benefit plans	△1,808	△1,656
Total accumulated other comprehensive income	42,608	44,995
Share acquisition rights	1,200	1,351
Non-controlling interests	22,792	24,006
Total net assets	272,814	293,149
Total liabilities and net assets	686,423	709,212

(2) Consolidated statement of income

(Millions of yen)

	FY2023 (From Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (From Apr. 1, 2023 to Mar. 31, 2024)
Net sales	628,089	657,400
Cost of sales	362,641	369,792
Gross profit	265,447	287,608
Selling, general and administrative expenses		
Salaries and allowances	76,869	78,195
Rent expenses	47,521	48,697
Other	129,668	134,527
Total selling, general and administrative expenses	254,059	261,420
Operating profit	11,388	26,188
Non-operating income		
Interest income	541	311
Dividend income	1,116	1,050
Share of profit of entities accounted for using equity method	-	654
Gain on debt settlement	913	890
Foreign exchange gains	873	161
Other	818	1,197
Total non-operating income	4,262	4,267
Non-operating expenses		
Interest expenses	962	884
Provision for redemption of gift certificates	701	692
Share of loss of entities accounted for using equity method	281	-
Other	700	1,003
Total non-operating expenses	2,646	2,580
Ordinary profit	13,004	27,875
Extraordinary income		
Gain on sale of non-current assets	13,543	5,865
Gain on sale of investment securities	3,819	-
Gain on gift certificates settlement	134	-
Subsidy income	66	-
Total extraordinary income	17,563	5,865
Extraordinary losses		
Impairment losses	3,877	7,196
Loss on retirement of non-current assets	1,600	2,737
Loss on store closings	1,699	1,031
Office relocation expenses	324	313
Loss on liquidation of subsidiaries and associates	-	171
Temporary expenses associated with reforms of human resource systems	798	-
Loss related to COVID-19	415	-
Loss on sale of investment securities	324	-
Loss on withdrawal of system development	279	-
Expenses for store openings	102	-
Total extraordinary losses	9,422	11,450
Profit before income taxes	21,146	22,289
Income taxes - current	5,885	6,289
Income taxes - deferred	△2,737	△8,129
Total Income taxes	3,147	△1,839
Profit	17,998	24,129
Profit attributable to non-controlling interests	1,616	2,224
Profit attributable to owners of parent	16,382	21,905

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2023 (From Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (From Apr. 1, 2023 to Mar. 31, 2024)
Profit	17,998	24,129
Other comprehensive income		
Valuation difference on available-for-sale securities	7,045	1,199
Revaluation reserve for land	-	△56
Foreign currency translation adjustment	116	285
Remeasurements of defined benefit plans, net of tax	111	336
Share of other comprehensive income of entities accounted for using equity method	506	458
Total other comprehensive income	7,779	2,222
Comprehensive income	25,778	26,352
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,175	23,847
Comprehensive income attributable to non-controlling interests	1,603	2,504

(3) Consolidated statement of changes in equity

FY2023 (from Apr. 1, 2022, to Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,796	95,086	92,299	△3,151	202,030
Cumulative effects of changes in accounting policies			△127		△127
Restated balance	17,796	95,086	92,171	△3,151	201,902
Changes during period					
Dividends of surplus			△3,080		△3,080
Profit attributable to owners of parent			16,382		16,382
Purchase and disposal of treasury shares		6		△8,786	△8,779
Purchase of treasury shares of consolidated subsidiaries		△211			△211
Net changes in items other than shareholders' equity					
Total changes during period	-	△204	13,301	△8,786	4,310
Balance at end of period	17,796	94,882	105,473	△11,938	206,213

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	35,881	303	565	△1,936	34,814	1,168	22,924	260,938
Cumulative effects of changes in accounting policies								△127
Restated balance	35,881	303	565	△1,936	34,814	1,168	22,924	260,810
Changes during period								
Dividends of surplus								△3,080
Profit attributable to owners of parent								16,382
Purchase and disposal of treasury shares								△8,779
Purchase of treasury shares of consolidated subsidiaries								△211
Net changes in items other than shareholders' equity	7,044	-	622	127	7,794	31	△131	7,694
Total changes during period	7,044	-	622	127	7,794	31	△131	12,004
Balance at end of period	42,925	303	1,188	△1,808	42,608	1,200	22,792	272,814

FY2024 (from Apr. 1, 2023, to Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,796	94,882	105,473	△11,938	206,213
Changes during period					
Dividends of surplus			△2,895		△2,895
Profit attributable to owners of parent			21,905		21,905
Purchase and disposal of treasury shares		11		△1,830	△1,818
Purchase of treasury shares of consolidated subsidiaries		△204			△204
Sale of shares of consolidated subsidiaries		1			1
Reversal of revaluation reserve for land			△405		△405
Net changes in items other than shareholders' equity					
Total changes during period	-	△192	18,605	△1,830	16,582
Balance at end of period	17,796	94,689	124,078	△13,768	222,795

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	42,925	303	1,188	△1,808	42,608	1,200	22,792	272,814
Changes during period								
Dividends of surplus								△2,895
Profit attributable to owners of parent								21,905
Purchase and disposal of treasury shares								△1,818
Purchase of treasury shares of consolidated subsidiaries								△204
Sale of shares of consolidated subsidiaries								1
Reversal of revaluation reserve for land								△405
Net changes in items other than shareholders' equity	1,122	368	743	152	2,387	150	1,214	3,752
Total changes during period	1,122	368	743	152	2,387	150	1,214	20,335

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at end of period	44,048	671	1,932	△1,656	44,995	1,351	24,006	293,149

(4) Consolidated statement of cash flows

(Millions of yen)

	FY2023 (From Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (From Apr. 1, 2023 to Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	21,146	22,289
Depreciation	19,159	19,970
Impairment losses	3,877	7,196
Loss on store closings	227	121
Loss on withdrawal of system development	279	-
Office relocation expenses	76	57
Loss on liquidation of subsidiaries and associates	-	74
Amortization of goodwill	507	507
Increase (decrease) in allowance for doubtful accounts	59	113
Increase (decrease) in provision for bonuses	561	2,430
Increase (decrease) in provision for bonuses for directors (and other officers)	84	90
Increase (decrease) in retirement benefit liability	△231	△954
Increase (decrease) in remeasurements of defined benefit plans	127	152
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△21	△17
Increase (decrease) in provision for redemption of gift certificates	167	178
Increase (decrease) in provision for loss on store closing	490	△850
Interest and dividend income	△1,657	△1,362
Interest expenses	962	884
Foreign exchange losses (gains)	△873	△160
Subsidy income	△66	-
Loss related to COVID-19	415	-
Share of loss (profit) of entities accounted for using equity method	281	△654
Loss (gain) on sale of investment securities	△3,495	△21
Loss (gain) on sale of non-current assets	△13,511	△5,817
Loss on retirement of non-current assets	658	1,808
Decrease (increase) in trade receivables	△8,655	△6,072
Decrease (increase) in inventories	1,234	1,162
Increase (decrease) in accounts payable - other	2,982	1,424
Increase (decrease) in trade payables	6,807	15,176
Increase (decrease) in accrued consumption taxes	777	△795
Increase (decrease) in provision for redemption of gift certificates	△302	△300
Increase (decrease) in advances received	477	△158
Other	1,748	△621
Subtotal	34,297	55,852
Interest and dividends received	1,650	1,586
Interest paid	△949	△880
Income taxes paid	△4,237	△7,225
Subsidies received	66	-
Payments for loss related on COVID-19	△531	-
Cash flows from operating activities	30,295	49,332

(Millions of yen)

	FY2023 (From Apr. 1, 2022 to Mar. 31, 2023)	FY2024 (From Apr. 1, 2023 to Mar. 31, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	△23,925	△17,507
Proceeds from sale of property, plant and equipment	13,896	10,152
Purchase of intangible assets	△6,788	△13,076
Proceeds from sale of intangible assets	4	197
Payments for asset retirement obligations	△473	△541
Purchase of investment securities	△34	△11
Proceeds from sale of investment securities	16,828	36
Payments into time deposits	△2,650	△1,550
Proceeds from withdrawal of time deposits	2,550	1,150
Proceeds from collection of long-term loans receivable	5,331	2,312
Payments of guarantee deposits	△644	△383
Proceeds from refund of guarantee deposits	1,687	1,469
Cash flows from investing activities	5,782	△17,752
Cash flows from financing activities		
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	△1,181	△15,431
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	△8,855	△1,885
Purchase of treasury shares of subsidiaries	△1,611	△1,124
Dividends paid	△3,080	△2,895
Dividends paid to non-controlling interests	△390	△368
Repayments of lease liabilities	△2,430	△843
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	16
Cash flows from financing activities	△12,549	△22,531
Effect of exchange rate change on cash and cash equivalents	317	305
Net increase (decrease) in cash and cash equivalents	23,845	9,353
Cash and cash equivalents at beginning of period	33,174	57,020
Cash and cash equivalents	57,020	66,373