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April 12, 2023

Consolidated Financial Results for the Six Months Ended February 28, 2023 (Under Japanese GAAP)

Company name: TRANSACTION CO., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7818
 URL: <http://www.trans-action.co.jp.e.zy.hp.transer.com/>
 Representative: Satoshi Ishikawa, Chairman and Representative Director
 Inquiries: Yoshinari Kitayama, Director
 Telephone: +81-3-6861-5577
 Scheduled date to file quarterly securities report: April 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts, institutional investors, and the press)

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

1. Consolidated financial results for the six months ended February 28, 2023 (from September 1, 2022 to February 28, 2023)

(1) Consolidated operating results

(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 | % |
| Six months ended | | | | | | | | |
| February 28, 2023 | 11,278 | 25.7 | 2,322 | 43.9 | 2,357 | 45.2 | 1,559 | 45.4 |
| February 28, 2022 | 8,969 | (0.4) | 1,613 | 0.1 | 1,623 | (0.8) | 1,072 | (12.9) |

Note: Comprehensive income For the six months ended February 28, 2023: ¥1,377 million [20.3%]
 For the six months ended February 28, 2022: ¥1,144 million [(9.7)%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| February 28, 2023 | 53.56 | – |
| February 28, 2022 | 36.85 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| February 28, 2023 | 17,873 | 14,064 | 78.7 |
| August 31, 2022 | 16,650 | 13,354 | 80.2 |

Reference: Equity
 As of February 28, 2023: ¥14,064 million
 As of August 31, 2022: ¥13,354 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|--------------------|-------------------|-----------------|--------------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| Fiscal year ended August 31, 2022 | Yen – | Yen 0.00 | Yen – | Yen 25.00 | Yen 25.00 |
| Fiscal year ending August 31, 2023 | – | 0.00 | | | |
| Fiscal year ending August 31, 2023 (Forecast) | | | – | 29.00 | 29.00 |

Note: Revisions to the forecasts of cash dividends most recently announced: Yes
Please refer to the “Notice Concerning Revisions to the Annual Earnings Forecast and Upward Revision to Dividend Forecast for the Fiscal Year Ending August 31, 2023” released today (April 12, 2023) for revisions to the dividend forecast.

3. Consolidated earnings forecasts for the fiscal year ending August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|------------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending August 31, 2023 | 21,780 | 19.2 | 4,154 | 28.5 | 4,198 | 27.1 | 2,777 | 26.5 | 95.39 |

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes
Please refer to the “Notice Concerning Revisions to the Annual Earnings Forecast and Upward Revision to Dividend Forecast for the Fiscal Year Ending August 31, 2023” released today (April 12, 2023) for revisions to the consolidated earnings forecast.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting treatments for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of February 28, 2023 | 29,375,400 shares |
| As of August 31, 2022 | 29,375,400 shares |

(ii) Number of treasury shares at the end of the period

| | |
|-------------------------|----------------|
| As of February 28, 2023 | 246,865 shares |
| As of August 31, 2022 | 270,865 shares |

(iii) Average number of shares outstanding during the period

| | |
|------------------------------------|-------------------|
| Six months ended February 28, 2023 | 29,112,888 shares |
| Six months ended February 28, 2022 | 29,104,535 shares |

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

1. The financial forecast and other forward-looking statements in this material are based on information currently available to the Company and certain preconditions considered to be reasonable. Actual performance, etc. may vary depending on various factors. For the preconditions on which the earnings forecast is based and notes, etc. for using the earnings forecast, please refer to “(4) Explanation of consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative Information on Quarterly Financial Results” on page 5 of the Quarterly Financial Results (attached file).
2. The Company plans to hold an online financial results briefing for institutional investors and analysts on April 19, 2023. The material on financial results used for the briefing will be posted on the Company’s website immediately after the briefing.

[Attached Material]

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of operating results

Although the Japanese economy moved towards normalization of social and economic activities with the easing of movement restrictions due to the COVID-19 infection in the six months ended February 28, 2023, there was no easing of the deterioration in terms of trade because of factors such as higher energy and raw material prices due to the situation in Russia and Ukraine, and the depreciation of the yen. There were also concerns about the impact that a global economic downturn caused by ongoing global monetary tightening could have on the Japanese economy, and the future remained uncertain.

In this environment, the TRANSACTION Group (the “Group”) executed marketing activities to capture changes in the social environment and demand trends in a timely fashion, and strengthened new product development based on the five key strategies designated in the 4th medium-term management plan of “finished goods demand arising from the promotion of SDGs,” “tangible goods consumption originating from intangible goods consumption,” “demand for revenge spending coming after COVID-19,” “strengthened e-commerce,” and “strengthened domestic in-house manufacturing.”

Eco-products

In Eco-products, we set the key strategy of “finished goods demand arising from the promotion of SDGs,” and continued to offer and strengthened our lineup of finished goods made from raw materials such as environmentally-friendly materials organic cotton and recycled materials, biomass plastics, and natural materials. In addition, we drove expanding and offering the lineup of upcycled finished goods that have been transformed into more valuable goods, by adding value such as ideas and design to wasted resources. These goods are also highly regarded by client entities promoting SDGs and there have been increased opportunities for use as novelties at exhibitions and seminars. In addition, overall sales promotions have become active with the normalization of social and economic activities. As a result, sales of eco bags, tumblers, thermos bottles and other mainstay products were strong, and up significantly year on year. In a continuation of the previous fiscal year, finished goods from our “MOTTERU” ethical brand were selected for the “Let’s choose! 3R campaign 2022” sponsored by the Ministry of the Environment. This, together with a rise in replacement demand for retail eco bags, an increase in color variations achieved by the addition of genderless colors, and the expansion of product categories such as cutlery, umbrellas, and handkerchiefs, resulted in solid sales performance. We also commenced the development and sales of collaborative goods with popular characters as well as goods that combine both functionality and design sense. As a result, overall sales of Eco-products increased by 1,269 million yen, or 34.2% year on year.

Lifestyle products

In Lifestyle products, we set the key strategies of “tangible goods consumption originating from intangible goods consumption” and “demand for revenge spending coming after COVID-19” and strengthened sales to the entertainment industry, which has become active. In particular, in the game and animation industries, where performance remains strong from the previous fiscal year, and in the new media content-related industry, there was considerable easing of restrictions for events, such as the ban on cheering or shouting out at event venues, so the overall industry including large-scale events became active, with sales up significantly year on year. Movement in the industry for music, live entertainment and sports events is sluggish, but we anticipated momentum to increase in the coming season, when there is usually an increase in events, so we strengthened our activities to respond to increased demand. Pet wear and related finished goods recorded a strong sales performance, driven by “RAKURUMU WEAR” winning a prize in the Good Design Award 2022, the introduction of new products, and an expansion in sales channels. Sales of travel-related finished goods have not recovered to pre-COVID-19 levels, but we succeeded in more than tripling sales year on year. We also focused on marketing activities such as increasing sales channels to capture the future expansion of demand. As a result, overall sales of Lifestyle products increased by 1,250 million yen, or 29.4% year on year.

Wellness products

For Wellness products, the wearing of a mask was to become basically at the discretion of the individual, while the decision has been made on a policy to revise the COVID-19 infection into a Class V Infectious Disease under the Infectious Disease Control Law, so demand remained flat, resulting in a decrease in sales of 236 million yen, or 26.9% year on year.

■ E-commerce business

In the E-commerce business, in accordance with the key strategy of “strengthened e-commerce,” we reinforced initiatives to achieve the target of accounting for at least 30% of consolidated net sales in the fiscal year ending August 31, 2025. Regarding our main sites, we worked to expand the number of registered finished goods in “HANSOKU-STYLE” and improve its usability. In “MARKLESS STYLE,” together with promoting the expansion of the number of companies that have introduced “MARKLESS Connect” and “MARKLESS Partner,” we focused on responding to the start of collaboration with confirmed customers. Furthermore, we rolled out hybrid marketing activities that fuse the in-person sales approach with e-commerce and promoted growth in sales at companies that have deployed these services. In the “D2C”^{*} site, by strengthening social media activities for our “Original Goods Press” platform site for product sales and OEM, and for the “Calulu ONLINE STORE” for pet wear and related finished goods, we raised awareness among users and promoted activities toward sales growth. We also renewed the “gowell” website, which handles travel-related finished goods, to deal with the future expansion of demand. As a result, along with the D2C site, the main sites recorded significant sales growth, leading to e-commerce sales growing 688 million yen, or 52.0% year on year. E-commerce also rose as a proportion of total sales, to 17.8%. The amount of increase in consolidated sales grew due to growth in e-commerce sales. In addition, the expansion of the sales composition ratio was one factor that enabled us to maintain the gross profit margin at the same level as the same period of the previous fiscal year.

^{*} An abbreviation for “Direct to Consumer,” a business model in which a manufacturer plans and manufactures its own commodities and sells them directly to end customers without intermediaries such as wholesalers and stores.

In terms of production, we continued to secure multiple production bases in preparation for suspension of production and delayed deliveries due to the spread of infection in countries and regions where production bases are located, maintained our inventory levels in Japan that were built up in the previous fiscal year, flexibly switched production bases in response to exchange rate fluctuations and soaring raw material prices, and optimized distribution routes, while striving to realize continuous stable supply and strengthen price competitiveness. In China, the zero-COVID policy ended and signs of a recovery in the manufacturing environment in China started to emerge, but higher energy prices due to the situation in Ukraine continues to have an impact and conditions continued to be characterized by uncertainty. Under these circumstances, and in response to the increased burden caused by the unexpectedly large depreciation of the yen, apart from implementing price increases for finished products in our main brand “MARKLESS STYLE,” we increased prices on our printing and processing costs from January 2023 due to the rise in domestic production costs. In regard to our factories in Japan, in accordance with the key strategy of “strengthened domestic in-house manufacturing,” we increased capacity and invested in new facilities, and strengthened our profit structure through our efforts to improve in-house production rates and productivity. In addition, for Lifestyle products, we promoted in-house manufacturing of finished products for which demand is high. As a result of these measures, we were able to maintain the gross profit margin for the six months ended February 28, 2023 at the same level as the same period of the previous fiscal year.

As a result, in the six months ended February 28, 2023, net sales increased to 11,278 million yen (up by 2,308 million yen, or 25.7% year on year), and operating profit increased to 2,322 million yen (up by 709 million yen, or 43.9% year on year) owing to securing gross profit by increase in net sales, and well-planned expenditure of selling, general and administrative expenses. Ordinary profit increased to

2,357 million yen (up by 733 million yen, or 45.2% year on year). Profit attributable to owners of parent also increased to 1,559 million yen (up by 486 million yen, or 45.4% year on year).

Actual sales by sales channel and product classification for the six months ended February 28, 2023 were as follows.

<Actual sales by sales channel>

(Millions of yen)

| Sales channel | Net sales | | Change | |
|------------------------------|------------------------------------|------------------------------------|-----------------|------------|
| | Six months ended February 28, 2022 | Six months ended February 28, 2023 | Change (Amount) | Change (%) |
| Targeting end-user companies | 4,374 | 5,439 | 1,065 | 24.4 |
| Targeting wholesalers | 3,272 | 3,826 | 554 | 16.9 |
| E-commerce | 1,323 | 2,012 | 688 | 52.0 |
| Total | 8,969 | 11,278 | 2,308 | 25.7 |

<Actual sales by product classification>

(Millions of yen)

| Product classification | Net sales | | Change | |
|------------------------|------------------------------------|------------------------------------|-----------------|------------|
| | Six months ended February 28, 2022 | Six months ended February 28, 2023 | Change (Amount) | Change (%) |
| Eco-products | 3,707 | 4,977 | 1,269 | 34.2 |
| Lifestyle products | 4,250 | 5,501 | 1,250 | 29.4 |
| Wellness products | 879 | 642 | (236) | (26.9) |
| Design and other | 131 | 157 | 25 | 19.3 |
| Total | 8,969 | 11,278 | 2,308 | 25.7 |

Note: Design and other refers to those not falling under miscellaneous goods, including commissioned graphic, products and WEB design operations, as well as printing operations.

(2) Explanation of financial position

Status of assets, liabilities, and net assets

(Current assets)

Current assets at the end of the second quarter under review amounted to 12,729 million yen, a decrease of 81 million yen compared to the end of the previous fiscal year. This was due mainly to a decrease in other current assets by 228 million yen, a decrease in cash and deposits by 52 million yen, and an increase in finished goods by 207 million yen.

(Non-current assets)

Non-current assets at the end of the second quarter under review amounted to 5,144 million yen, an increase of 1,304 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in investments and other assets by 1,298 million yen, an increase in intangible assets by 23 million yen, and a decrease in property, plant and equipment by 16 million yen.

(Current liabilities)

Current liabilities at the end of the second quarter under review amounted to 3,012 million yen, an increase of 358 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in income taxes payable by 189 million yen, an increase in accounts payable - trade by 34 million yen, an increase in provision for bonuses by 28 million yen, and an increase in current portion of long-term borrowings by 22 million yen.

(Non-current liabilities)

Non-current liabilities at the end of the second quarter under review amounted to 797 million yen, an increase of 155 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in long-term borrowings by 176 million yen.

(Net assets)

Net assets at the end of the second quarter under review amounted to 14,064 million yen, an increase of 709 million yen compared to the end of the previous fiscal year. This was due mainly to an increase in retained earnings by 861 million yen, a decrease in deferred gains or losses on hedges by 118 million yen, and a decrease in valuation difference on available-for-sale securities by 49 million yen.

(3) Analysis of cash flows

Cash and cash equivalents at the end of the second quarter under review amounted to 4,287 million yen, a decrease of 64 million yen compared to the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities in the second quarter under review amounted to 1,742 million yen (compared with 915 million yen provided by operating activities in the same period of the previous fiscal year). This was due mainly to an increase in cash due to profit before income taxes of 2,381 million yen, and a decrease in cash due to income taxes paid of 766 million yen.

(Cash flows from investing activities)

Net cash used in investing activities in the second quarter under review amounted to 1,278 million yen (compared with 95 million yen used in investing activities in the same period of the previous fiscal year). This was due mainly to a decrease in cash due to purchase of investment securities of 1,218 million yen and purchase of property, plant and equipment of 79 million yen.

(Cash flows from financing activities)

Net cash used in financing activities in the second quarter under review amounted to 497 million yen (compared with 835 million yen used in financing activities in the same period of the previous fiscal year). This was due mainly to a decrease in cash due to dividends paid of 727 million yen and repayments of long-term borrowings of 200 million yen, and an increase in cash due to proceeds from long-term borrowings of 400 million yen.

(4) Explanation of consolidated earnings forecasts and other forward-looking statements

For the annual earnings forecast and year-end dividend forecast for the fiscal year ending August 31, 2023, we have revised the earnings forecast and year-end dividend forecast announced on October 13, 2022 based on factors including the performance in the six month ended February 28, 2023 and recent trends.

For details, please refer to the “Notice Concerning Revisions to the Annual Earnings Forecast and Upward Revision to Dividend Forecast for the Fiscal Year Ending August 31, 2023” released today.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

| | As of August 31, 2022 | As of February 28, 2023 |
|--|-----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,335,232 | 4,282,638 |
| Notes and accounts receivable - trade, and contract assets | 2,679,941 | 2,686,083 |
| Securities | 291,900 | 277,454 |
| Finished goods | 4,443,094 | 4,650,655 |
| Other | 1,068,729 | 840,528 |
| Allowance for doubtful accounts | (8,187) | (8,243) |
| Total current assets | 12,810,710 | 12,729,117 |
| Non-current assets | | |
| Property, plant and equipment | 1,067,821 | 1,050,862 |
| Intangible assets | | |
| Other | 126,671 | 149,883 |
| Total intangible assets | 126,671 | 149,883 |
| Investments and other assets | | |
| Investment securities | 1,578,124 | 2,720,480 |
| Other | 1,067,257 | 1,223,404 |
| Allowance for doubtful accounts | (380) | (401) |
| Total investments and other assets | 2,645,001 | 3,943,484 |
| Total non-current assets | 3,839,494 | 5,144,230 |
| Total assets | 16,650,205 | 17,873,347 |

(Thousands of yen)

| | As of August 31, 2022 | As of February 28, 2023 |
|---|-----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,035,921 | 1,070,640 |
| Current portion of long-term borrowings | 387,628 | 410,079 |
| Income taxes payable | 647,298 | 836,512 |
| Provision for bonuses | 169,848 | 198,301 |
| Provision for shareholder benefit program | 6,909 | 6,584 |
| Other | 406,209 | 489,919 |
| Total current liabilities | 2,653,814 | 3,012,036 |
| Non-current liabilities | | |
| Long-term borrowings | 234,819 | 411,504 |
| Retirement benefit liability | 315,035 | 318,031 |
| Asset retirement obligations | 36,791 | 37,006 |
| Other | 55,390 | 30,655 |
| Total non-current liabilities | 642,035 | 797,197 |
| Total liabilities | 3,295,850 | 3,809,234 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 93,222 | 93,222 |
| Capital surplus | 3,294,777 | 3,305,428 |
| Retained earnings | 9,567,299 | 10,428,761 |
| Treasury shares | (223,253) | (203,471) |
| Total shareholders' equity | 12,732,046 | 13,623,940 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 180,323 | 131,272 |
| Deferred gains or losses on hedges | 239,913 | 121,199 |
| Foreign currency translation adjustment | 160,031 | 149,883 |
| Remeasurements of defined benefit plans | 42,039 | 37,817 |
| Total accumulated other comprehensive income | 622,307 | 440,173 |
| Total net assets | 13,354,354 | 14,064,113 |
| Total liabilities and net assets | 16,650,205 | 17,873,347 |

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income) (Cumulative)

(Thousands of yen)

| | Six months ended February 28, 2022 | Six months ended February 28, 2023 |
|--|---------------------------------------|---------------------------------------|
| Net sales | 8,969,777 | 11,278,222 |
| Cost of sales | 5,425,350 | 6,841,804 |
| Gross profit | 3,544,427 | 4,436,418 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 631,707 | 629,301 |
| Provision for bonuses | 126,959 | 167,169 |
| Retirement benefit expenses | 26,144 | 14,811 |
| Provision of allowance for doubtful accounts | (125) | 76 |
| Provision for shareholder benefit program | 6,340 | 6,584 |
| Other | 1,139,719 | 1,295,788 |
| Total selling, general and administrative expenses | 1,930,746 | 2,113,731 |
| Operating profit | 1,613,681 | 2,322,686 |
| Non-operating income | | |
| Interest income | 154 | 747 |
| Interest on securities | 9,378 | 27,162 |
| Foreign exchange gains | – | 5,052 |
| Other | 14,878 | 2,771 |
| Total non-operating income | 24,411 | 35,733 |
| Non-operating expenses | | |
| Interest expenses | 1,239 | 864 |
| Foreign exchange losses | 13,083 | – |
| Other | 48 | 41 |
| Total non-operating expenses | 14,371 | 906 |
| Ordinary profit | 1,623,721 | 2,357,513 |
| Extraordinary income | | |
| Gain on sale of non-current assets | – | 24,193 |
| Insurance claim income | 15,943 | – |
| Total extraordinary income | 15,943 | 24,193 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Loss on abandonment of inventories | 14,080 | – |
| Total extraordinary losses | 14,080 | 0 |
| Profit before income taxes | 1,625,584 | 2,381,706 |
| Income taxes - current | 539,983 | 843,257 |
| Income taxes - deferred | 13,067 | (20,881) |
| Total income taxes | 553,050 | 822,375 |
| Profit | 1,072,533 | 1,559,331 |
| Profit attributable to owners of parent | 1,072,533 | 1,559,331 |

(Quarterly Consolidated Statement of Comprehensive Income) (Cumulative)

(Thousands of yen)

| | Six months ended February 28, 2022 | Six months ended February 28, 2023 |
|--|---------------------------------------|---------------------------------------|
| Profit | 1,072,533 | 1,559,331 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 28,869 | (49,050) |
| Deferred gains or losses on hedges | 17,240 | (118,714) |
| Foreign currency translation adjustment | 26,502 | (10,148) |
| Remeasurements of defined benefit plans, net of tax | (519) | (4,221) |
| Total other comprehensive income | 72,091 | (182,134) |
| Comprehensive income | 1,144,625 | 1,377,196 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,144,625 | 1,377,196 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

| | Six months ended February 28, 2022 | Six months ended February 28, 2023 |
|--|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,625,584 | 2,381,706 |
| Depreciation | 55,777 | 60,691 |
| Increase (decrease) in allowance for doubtful accounts | (1,495) | 76 |
| Increase (decrease) in provision for bonuses | (8,020) | 28,690 |
| Increase (decrease) in retirement benefit liability | 7,443 | (1,225) |
| Increase (decrease) in provision for shareholder benefit program | 435 | (324) |
| Increase (decrease) in provision for point card certificates | (6,592) | – |
| Foreign exchange losses (gains) | – | 9,787 |
| Interest and dividend income | (9,532) | (27,909) |
| Interest expenses | 1,239 | 864 |
| Loss (gain) on sale and retirement of non-current assets | 0 | (24,193) |
| Decrease (increase) in trade receivables and contract assets | (14,443) | (6,443) |
| Decrease (increase) in inventories | (220,642) | (211,272) |
| Increase (decrease) in trade payables | (21,773) | 36,059 |
| Decrease (increase) in advance payments to suppliers | (40,881) | (65,081) |
| Other, net | 49,358 | 212,758 |
| Subtotal | 1,416,457 | 2,394,184 |
| Interest and dividends received | 17,723 | 19,425 |
| Interest paid | (1,393) | (1,007) |
| Income taxes refund | 143,786 | 96,163 |
| Income taxes paid | (661,245) | (766,484) |
| Net cash provided by (used in) operating activities | 915,329 | 1,742,280 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (34,684) | (79,047) |
| Purchase of intangible assets | (12,861) | (39,074) |
| Purchase of investment securities | – | (1,218,741) |
| Payments of leasehold and guarantee deposits | (50) | – |
| Proceeds from refund of leasehold and guarantee deposits | 1,404 | – |
| Purchase of insurance funds | (48,999) | (48,999) |
| Other, net | – | 107,465 |
| Net cash provided by (used in) investing activities | (95,191) | (1,278,397) |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | – | 400,000 |
| Repayments of long-term borrowings | (195,852) | (200,864) |
| Proceeds from disposal of treasury shares | – | 30,432 |
| Dividends paid | (639,611) | (727,030) |
| Net cash provided by (used in) financing activities | (835,463) | (497,462) |
| Effect of exchange rate change on cash and cash equivalents | 14,780 | (30,473) |
| Net increase (decrease) in cash and cash equivalents | (544) | (64,053) |
| Cash and cash equivalents at beginning of period | 5,083,041 | 4,351,963 |
| Cash and cash equivalents at end of period | 5,082,496 | 4,287,909 |

(4) Notes to Quarterly Consolidated Financial Statements
(Notes regarding assumption of a going concern)

None.

(Notes on significant changes in the amount of shareholders' equity)

None.

(Subsequent events)

None.