

Consolidated Financial Results for the Six Months Ended February 28, 2023 [Japanese GAAP]



April 7, 2023

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 Stock exchange listing: Tokyo Stock Exchange Prime Market
 Stock code: 7085
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 Scheduled date of filing quarterly securities report: April 11, 2023
 Scheduled date of commencing dividend payments: May 11, 2023
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Six Months Ended February 28, 2023 (September 1, 2022 to February 28, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2023	14,482	7.7	2,033	17.6	1,914	3.5	1,178	(2.4)
February 28, 2022	13,443	13.0	1,729	98.4	1,850	176.5	1,207	247.5

(Note) Comprehensive income: Six months ended February 28, 2023: 718 million yen [down 57.9%]
 Six months ended February 28, 2022: 1,706 million yen [-%]

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2023	12.80	—
February 28, 2022	12.90	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
February 28, 2023	36,785	12,746	34.6
August 31, 2022	38,352	12,355	32.2

(Reference) Equity: As of February 28, 2023: 12,746 million yen
 As of August 31, 2022: 12,355 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2022	—	3.50	—	3.50	7.00
Fiscal year ending August 31, 2023	—	5.00			
Fiscal year ending August 31, 2023 (Forecast)			—	5.00	10.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023 (September 1, 2022 to August 31, 2023) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	30,000	9.1	3,700	34.9	3,710	12.0	2,422	7.8
								26.32

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

(1) Changes in significant subsidiaries during the six months ended February 28, 2023: (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly added: — (Name:) Excluded: — (Name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements

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) Restatements: No

(4) Total number of issued shares (common shares)

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

February 28, 2023: 93,857,493 shares

August 31, 2022: 93,857,493 shares

2) Total number of treasury shares at the end of the period:

February 28, 2023: 1,800,123 shares

August 31, 2022: 1,800,123 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Six months ended February 28, 2023: 92,057,370 shares

Six months ended February 28, 2022: 93,600,229 shares

(Note) The total number of treasury shares at the end of the period include shares of the Company (1,800,000 shares on February 28, 2023 and 1,800,000 shares on August 31, 2022) held by Custody Bank of Japan, Ltd. (Trust Account E). In addition, shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are subtracted in calculating the average number of shares during the period. (1,800,000 shares during the six months ended February 28, 2023 and 257,143 shares during the six months ended February 28, 2022)

* This summary of the quarterly financial results is outside the scope of quarterly review by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

(Note on forward-looking statements, etc.)

The financial results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable by the Company. Such forward-looking statements are not intended to represent a commitment on the part of the Company to achieve them. Actual results may vary significantly due to various factors. See “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” in the section, “1. Qualitative Information on Quarterly Financial Results for the Period under Review,” on page 5 of the attached material for the assumptions used in the financial results forecast and precautions for using the financial results forecast.

(How to obtain supplementary briefing materials on the financial results and the content of the financial results briefing session)

The Company’s results briefing will be held by posting video recorded in advance on its website (<https://www.curvesholdings.co.jp/>) on Thursday, April 13, 2023. The Company will post supplementary briefing material on annual financial results featured in the video on TDnet and the Company’s website on the same day.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operations Results

The Group (the Company and consolidated subsidiaries, hereinafter referred to as the “Group”) has been striving to contribute to the extension of health life expectancy through its core business, Curves, a 30-minute fitness club for women. The Group has endeavored to enhance the satisfaction of its members and expand membership by strengthening customer services as “community-based health infrastructure” that contributes to solving social issues.

Operating results for the first six-month period (September 2022 - February 2023) under review are as follows.

	Six months ended February 28, 2022 (Million yen)	Six months ended February 28, 2023 (Million yen)	Change (Million yen)	Change (%)
Net sales	13,443	14,482	1,038	7.7
Operating profit (Operating profit ratio)	1,729 (12.9%)	2,033 (14.0%)	304	17.6
Ordinary profit	1,850	1,914	64	3.5
Profit attributable to owners of parent	1,207	1,178	(29)	(2.4)

The total membership grew from 754K at the end of the previous fiscal year to 758K with the net gain of 3K (net increase of 39K year-on-year). (*The membership includes the members of Ouchi de Curves online fitness program, and those of the “Ouchi de Curves Dual Plan,” a hybrid service offering online and in-club programs). Due to seasonal factors, the number of new member sign-ups remains low and the total membership normally declines during the second quarter (from December 2022 through February 2023) every year. While we did not run Membership Drive Campaigns, we strived to further raise customer satisfaction by improving the quality of services for existing members. As a result, the monthly membership attrition rate continued to decline, building a solid foundation for membership growth during the spring and the summer. In addition, the Group worked to expand Merchandise Sales such as protein products through enhancing “Diet Counseling” program for members.

Accordingly, the number of Curves facilities (excluding Men’s Curves) and membership in Japan as of February 28, 2023 were as follows.

Number of Curves facilities (excluding Men’s Curves) and membership in Japan

Number of Curves facilities (excluding Men's Curves) and membership in Japan					
	As of August 31, 2022	As of February 28, 2023			* Reference: Numbers before COVID-19 As of February 29, 2020
			Changes from end of previous fiscal year		
Number of facilities	1,947 facilities	1,954 facilities	7 facilities	0.4%	2,014 facilities
Of which, number of corporate operated facilities	75 facilities	76 facilities	1 facility	1.3%	65 facilities
Number of franchisee facilities	1,872 facilities	1,878 facilities	6 facilities	0.3%	1,949 facilities
Membership	754K	758K	3K	0.5%	832K

(Notes) 1. In the second quarter of the fiscal year under review, the number of new club opening was 1 and the number of clubs closed and merged was 1.

2. Membership of Curves in Japan includes members of Ouchi de Curves an online fitness program, and the Ouchi de Curves Dual Plan, a hybrid service offering online and in-club programs.

Men’s Curves, the fitness club for men, opened 1 new location during the second quarter, making the total number of clubs to 15.

In overseas business, the Group considers Europe where it acquired the franchiser operations in July 2019 to be its priority market. As of the end of the first six months of the fiscal year under review (December 31, 2022 (two-month lag due to difference in fiscal year end)), there were 141 Curves facilities in Europe (UK, Italy, Spain and five other countries, all facilities are franchisees' facilities).

During the first six months of the fiscal year under review, selling, general and administrative expenses increased 105 million yen year on year. This reflected an increase in the amortization of goodwill and trademark rights due to the weakening of the yen (Note 1) and higher expenses attributable to the gradual normalization of sales activities such as the resumption of training programs nationwide, among other factors. On the other hand, advertising expenses decreased from the year-ago level. The decrease mainly reflected an increase in Advertisement Funds collected from franchised clubs as a result of a rise in the number of members and an improvement in marketing efficiency. Selling, general and administrative expenses for the second quarter of the fiscal year under review decreased 531 million yen from the first quarter due in part to the containment of marketing expenses reflecting seasonal factors.

As a result, net sales for the six months of the fiscal year under review were 14,482 million yen (up 7.7% year on year), leading to operating profit of 2,033 million yen (up 17.6% year on year). Ordinary profit was 1,914 million yen (up 3.5% year on year) due to the generation of foreign exchange losses at Curves International, Inc., which did not have an impact on changes in cash (Note 2). Profit attributable to owners of parent was 1,178 million yen (down 2.4% year on year) mainly due to the recording of income taxes - current of 868 million yen.

(Note 1) Goodwill and trademark rights are based on those recorded in US dollars when the acquisition of Curves International, Inc. took place and are amortized for each quarter by 2,532 thousand dollars according to the straight-line method. With the average exchange rate of the yen against the US dollar for the second quarter down 27.17 yen to the dollar from the year-ago level, the amount of yen-based amortization increased by 137 million yen.

(Note 2) Foreign exchange losses amounting to 105 million yen were posted partly due to the conversion of yen-based loans provided to Curves International, Inc., an overseas subsidiary, although it did not have any impact on changes in cash. This was mainly because the exchange rate of the yen against the US dollar at the end of the second quarter of the fiscal year under review rose 3.98 yen for the dollar from the end of the previous fiscal year.

The following exchange rates were adopted for relevant items in financial statements for overseas subsidiaries, etc.

1 USD	1st quarter September-November	2nd quarter December-February	3rd quarter March-May	4th quarter June-August
Average foreign exchange rates for the quarter	138.68 yen [110.47 yen]	139.22 yen [112.05 yen]	– [113.77 yen]	– [117.81 yen]
Foreign exchange rates at the end of the quarter	144.81 yen [111.92 yen]	132.70 yen [115.02 yen]	– [122.39 yen]	– [136.68 yen]

Figures in parentheses are exchange rates for the same period of the previous year.

Since the Group operates in a single business segment, the Curves business, the segment information is omitted.

(2) Explanation of Financial Position

(Assets)

Total assets as of February 28, 2023 decreased by 1,566 million yen, compared to the end of the previous fiscal year to 36,785 million yen (down 4.1% from the end of the previous fiscal year).

Current assets decreased by 305 million yen to 13,433 million yen (down 2.2% year on year). This was mainly due to a decrease of 733 million yen in cash and deposits.

Property, plant and equipment decreased by 17 million yen to 407 million yen (down 4.1% year on year).
Intangible assets decreased by 1,282 million yen to 22,118 million yen (down 5.5% year on year) (Note 3).
Investments and other assets increased by 39 million yen to 825 million yen (up 5.0% year on year).
Total non-current assets decreased by 1,260 million yen to 23,352 million yen (down 5.1% year on year).

(Note 3) The value of goodwill and trademark rights, which are part of intangible assets and were recorded when the acquisition of Curves International, Inc. took place, decreased 1,307 million yen from the end of the previous fiscal year on a yen basis, reflecting quarterly amortization and a rise in the foreign exchange rate by 3.98 yen for the dollar at the end of the second quarter of the fiscal year under review.

As of the end of the previous fiscal year: 159,566 thousand dollars, 136.68 yen for the dollar, equivalent to 21,809 million yen on a yen basis

Decrease due to amortization: 5,065 thousand dollars

As of the end of the second quarter of the fiscal year under review: 154,500 thousand dollars, 132.70 yen for the dollar, equivalent to 20,502 million yen

(Liabilities)

Current liabilities decreased by 61 million yen to 9,246 million yen (down 0.7% year on year). Major factors behind the decline included a decrease of 307 million yen in accounts payable - other, more than offsetting an increase of 116 million yen in income taxes payable.

Non-current liabilities decreased by 1,895 million yen to 14,793 million yen (down 11.4% year on year). This was mainly due to a decrease of 1,645 million yen in long-term borrowings.

Total liabilities decreased by 1,956 million yen to 24,039 million yen (down 7.5% year on year).

(Net assets)

Net assets increased by 390 million yen to 12,746 million yen (up 3.2% year on year) including the shareholders' equity increasing by 849 million yen to 9,718 million yen (up 9.6% year on year).

This chiefly reflected an increase of 849 million yen in retained earnings due to the posting of profit attributable to owners of parent of 1,178 million yen and the payment of dividends of 328 million yen, despite a decrease of 454 million yen in foreign currency translation adjustment attributable to the appreciation of the yen.

(Status of cash flows)

The balance of cash and cash equivalents (hereinafter referred to as "net cash") as of February 28, 2023 was 7,203 million yen, a decrease of 740 million yen compared with the end of the previous fiscal year.

(Cash flows from operating activities)

As a result of operating activities during the six months ended February 28, 2023, net cash provided by operating activities increased by 1,749 million yen (from 931 million yen in the same period of the previous fiscal year). This was mainly attributable to profit before income taxes of 1,914 million yen, depreciation of 442 million yen, amortization of trademark right of 655 million yen, and income taxes paid of 816 million yen.

(Cash flows from investing activities)

As a result of investing activities during the six months ended February 28, 2023, net cash used in investing activities stood at 525 million yen (as compared to 420 million yen in the same period of the previous fiscal year). This was mainly attributable to purchase of intangible assets of 436 million yen and purchase of property, plant and equipment of 44 million yen.

(Cash flows from financing activities)

As a result of financing activities during the six months ended February 28, 2023, net cash used in financing activities stood at 1,975 million yen (as compared to 3,261 million yen in the same period of the previous fiscal year). This was caused by repayments of long-term borrowings of 1,645 million yen and dividends paid of 328 million yen.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Group's outlook for the full-year results for the fiscal year ending August 31, 2023 has not changed since the announcement on October 7, 2022.

The Group expects net sales of 30,000 million yen (up 9.1% year on year), operating profit of 3,700 million yen (up 34.9% year on year), ordinary profit of 3,710 million yen (up 12.0% year on year), and profit attributable to owners of parent of 2,422 million yen (up 7.8% year on year).

<Review of the six months of the fiscal year under review (September 2022 - February 2023)>

The total membership progresses on plan as results of Membership Drive Campaign successfully run in the fall and further lowering the monthly membership attrition rate through raising customer satisfaction level. The Ouchi de Curves Dual Plan, a hybrid service offering online and in-club programs, has expanded to nearly 30K members, presenting new business potentials.

In the Merchandise Sales, the protein products subscribers are growing on plan as a result of promotions through the "Diet Counseling" for members. However, the quantity of protein products sold during the six months of the fiscal year under review was lower than the projection due to a slight increase in the number of subscribers who exercised the skip option (Note 1). Consequently, the quantity of the protein products sold were lower than the projection for the first half.

(Note 1) By exercising this option, subscribers may request for postponement of a product delivery till the next month. Since the invoicing and sales recognition occur at the time of delivery, an increase in the number of skip reduces Sales.

Consequently, the Sales recorded 14,482 million yen for the first six months, 117 million yen below the forecast of 14,600 million yen.

In the SGA expenses, we have decreased advertising expenses chiefly due to an increase in Advertisement Funds collected from franchisees through an increase in total membership and the improvement of efficiency in marketing activities. We also have reviewed the entire cost structures.

These factors have contributed to operating profit of 2,033 million yen, exceeding the forecast of 1,905 million yen by 128 million yen for the first half.

Ordinary profit and profit attributable to owners of parent fell short of the forecast for the first half, reflecting the posting of non-cash foreign exchange losses due to the impact of exchange rate fluctuations.

Details of the outlook for the full-year consolidated results as announced on October 7, 2022 are provided below.

Domestic Business

- For the full fiscal year ending August 31, 2023, the Group plans to open 25 new facilities and close or merge 20 franchisee facilities. The number of facilities is expected to be 1,952 at the end of the period, a net increase of 5 facilities.
- The number of members was 832K as of February 29, 2020, decreased to 545K (excluding absent members) by May 31, 2020, due to the pandemic, and recovered to 754K by August 31, 2022. The Group will continuously work to strengthen recruitment of new members toward a recovery in membership by means of the implementation of appealing membership drive campaign three times a year and other promotions in the fiscal year ending August 31, 2023, and expects the total membership at the end of the fiscal year to be 824K (including online members), a net increase of 70K from the end of the previous fiscal year.
- The net sales of merchandise to members are expected to rise by forecasting increases in subscriptions and sales quantity in line with the increase in membership. The Group also anticipates cost increases, mainly due to rising prices of raw materials for its core protein products.
- In the first half of the fiscal year ending August 31, 2023, the Group plans to continuously allocate advertising

expenses toward a recovery in membership through proactive marketing. However, advertising expenses will likely decrease year on year, mainly due to an increase in franchisees' contribution to Advertisement Funds associated with rises in membership.

- Goodwill and trademark amortization costs are expected to increase compared to the levels of the previous fiscal year, due to exchange fluctuations (a weakening yen).
- The Group plans to open 5 Men's Curves, fitness club for men, increasing the total number to 17 as of the end of the fiscal year ending August 31, 2023. With an eye on full-fledged development of facilities at multi-locations, the Group is determined to improve relevant knowhow.

Overseas Business

- The number of members is recovering in Europe (including the UK, Italy and Spain), a priority region, following the resumption of operations. To facilitate the growth of business, the Group will continue to experiment with new business models, including the offering of online fitness programs, and strive to plan and implement strategies in response to changing management environments. The Group positions the fiscal year ending August 31, 2023 as a preparation period for growth and expects it will continue to record an operating loss on a full-year basis.

Any further revisions to the financial results forecast necessitated by changes in the business environment will be promptly disclosed.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	8,212,746	7,478,775
Notes and accounts receivable - trade	4,156,396	4,261,887
Merchandise	933,076	1,227,205
Raw materials and supplies	4,117	7,541
Other	651,892	689,619
Allowance for doubtful accounts	(219,018)	(231,499)
Total current assets	13,739,210	13,433,528
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	197,547	201,794
Vehicles, tools, furniture and fixtures, net	227,200	201,437
Other, net	—	4,180
Total property, plant and equipment	424,748	407,412
Intangible assets		
Goodwill	1,559,559	1,465,074
Trademark right	20,258,938	19,044,603
Software	1,204,818	1,355,042
Other	378,365	254,016
Total intangible assets	23,401,682	22,118,736
Investments and other assets		
Investment securities	28,800	20,720
Leasehold and guarantee deposits	294,434	325,966
Deferred tax assets	398,555	394,888
Other	69,855	90,593
Allowance for doubtful accounts	(5,083)	(6,219)
Total investments and other assets	786,562	825,948
Total non-current assets	24,612,993	23,352,097
Total assets	38,352,203	36,785,626

(Thousands of yen)

	As of August 31, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,747,409	1,787,039
Current portion of long-term borrowings	3,290,400	3,290,400
Accounts payable - other	627,131	319,842
Accrued expenses	304,046	280,255
Income taxes payable	649,044	765,899
Provision for bonuses	288,495	251,090
Provision for point card certificates	109,583	124,752
Provision for shareholder benefit program	21,764	–
Deposits received	1,894,295	2,008,354
Other	375,720	418,562
Total current liabilities	9,307,891	9,246,198
Non-current liabilities		
Long-term borrowings	11,956,100	10,310,900
Provision for share awards	222,692	229,334
Deferred tax liabilities	4,390,359	4,131,388
Asset retirement obligations	119,211	121,712
Total non-current liabilities	16,688,363	14,793,335
Total liabilities	25,996,254	24,039,533
Net assets		
Shareholders' equity		
Share capital	848,666	848,666
Capital surplus	828,666	828,666
Retained earnings	8,438,466	9,288,318
Treasury shares	(1,247,477)	(1,247,477)
Total shareholders' equity	8,868,322	9,718,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,756	470
Foreign currency translation adjustment	3,481,870	3,027,447
Total accumulated other comprehensive income	3,487,626	3,027,918
Total net assets	12,355,949	12,746,092
Total liabilities and net assets	38,352,203	36,785,626

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six Months Ended February 28, 2023

(Thousands of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Net sales	13,443,422	14,482,363
Cost of sales	7,537,888	8,166,277
Gross profit	5,905,533	6,316,086
Selling, general and administrative expenses	4,176,314	4,282,276
Operating profit	1,729,219	2,033,809
Non-operating income		
Interest income	104	130
Foreign exchange gains	126,378	–
Subsidy income	11,148	1,045
Other	11,365	11,629
Total non-operating income	148,997	12,804
Non-operating expenses		
Interest expenses	27,572	24,733
Foreign exchange losses	–	105,590
Other	157	1,488
Total non-operating expenses	27,729	131,812
Ordinary profit	1,850,487	1,914,801
Extraordinary losses		
Loss on retirement of non-current assets	643	493
Total extraordinary losses	643	493
Profit before income taxes	1,849,843	1,914,308
Income taxes - current	748,040	868,044
Income taxes - deferred	(105,587)	(132,089)
Total income taxes	642,453	735,955
Profit	1,207,389	1,178,353
Profit attributable to owners of parent	1,207,389	1,178,353

Quarterly Consolidated Statement of Comprehensive Income

Six Months Ended February 28, 2023

(Thousands of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Profit	1,207,389	1,178,353
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,062)	(5,285)
Foreign currency translation adjustment	520,390	(454,423)
Total other comprehensive income	499,328	(459,708)
Comprehensive income	1,706,718	718,644
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,706,718	718,644
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended February 28, 2022	For the six months ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	1,849,843	1,914,308
Depreciation	377,393	442,707
Amortization of goodwill	41,936	51,680
Amortization of trademark right	527,245	655,092
Increase (decrease) in allowance for doubtful accounts	13,049	20,573
Increase (decrease) in provision for bonuses	3,832	(37,110)
Increase (decrease) in provision for share awards	—	6,642
Interest and dividend income	(104)	(130)
Interest expenses	27,572	24,733
Foreign exchange losses (gains)	(126,410)	105,590
Decrease (increase) in trade receivables	(153,386)	(124,137)
Decrease (increase) in inventories	(498,955)	(300,177)
Increase (decrease) in trade payables	339,352	40,548
Loss on retirement of property, plant and equipment	643	493
Decrease (increase) in prepaid expenses	14,428	(15,722)
Increase (decrease) in accounts payable - other	(439,750)	(255,158)
Increase (decrease) in accrued expenses	(59,501)	(22,974)
Other	(164,419)	84,052
Subtotal	1,752,768	2,591,009
Interest and dividends received	104	130
Interest paid	(27,572)	(24,733)
Income taxes refund (paid)	(793,572)	(816,840)
Net cash provided by (used in) operating activities	931,729	1,749,565
Cash flows from investing activities		
Purchase of property, plant and equipment	(183,415)	(44,385)
Purchase of intangible assets	(231,549)	(436,837)
Payments of guarantee deposits	(3,465)	(33,469)
Proceeds from refund of guarantee deposits	390	1,937
Other	(2,245)	(12,355)
Net cash provided by (used in) investing activities	(420,285)	(525,109)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,545,000)	(1,645,200)
Purchase of treasury shares	(1,247,400)	—
Dividends paid	(469,286)	(328,500)
Other, net	—	(1,402)
Net cash provided by (used in) financing activities	(3,261,686)	(1,975,103)
Effect of exchange rate change on cash and cash equivalents	35,185	10,375
Net increase (decrease) in cash and cash equivalents	(2,715,057)	(740,271)
Cash and cash equivalents at beginning of period	9,760,075	7,943,566
Cash and cash equivalents at end of period	7,045,017	7,203,294

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.