

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 2024

Company name: CE Holdings Co.,Ltd.
 Stock exchange listing: Tokyo, Sapporo
 Stock code: 4320 URL <https://www.ce-hd.co.jp>
 Representative: Representative Director and President & CEO(Chief Executive Officer) Naokazu Saito
 Inquiries: Director & CFO(Chief Financial Officer) Tsunehito Taguchi TEL 011(861)1600
 Scheduled date of ordinary general meeting of shareholders: December 20, 2024
 Scheduled date to file Securities Report: December 20, 2024
 Scheduled date to commence dividend payments: December 23, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(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	%
Year ended September 30, 2024	14,554	6.8	1,148	(8.5)	1,154	(8.2)	123	(82.0)
Year ended September 30, 2023	13,632	(0.5)	1,254	21.7	1,257	20.4	687	16.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2024	8.19	–	2.0	10.3	7.9
Year ended September 30, 2023	45.91	–	11.7	11.4	9.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	11,251	6,599	54.2	403.14
As of September 30, 2023	11,244	6,583	54.1	406.68

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2024	752	(630)	566	3,826
Year ended September 30, 2023	795	(861)	(754)	3,138

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2023	–	0.00	–	14.00	14.00	209	30.5	3.6
Year ended September 30, 2024	–	0.00	–	15.00	15.00	226	183.2	3.7
Year ending September 30, 2025 (Forecast)	–	0.00	–	22.00	22.00		40.6	

3. Forecast of consolidated financial results for the year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

Percentages indicate year-on-year changes

	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
Six months ending March 31, 2025	8,100	0.4	780	5.2	780	4.8	410	10.3	27.12
Full year	15,000	3.1	1,500	30.6	1,500	30.0	820	564.4	54.23

4. Notes

(1) Significant changes in the scope of consolidation during the year ended September 30, 2024: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2024	15,518,400 shares	As of September 30, 2023	15,347,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	398,163 shares	As of September 30, 2023	398,114 shares
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Average number of shares during the period

Year ended September 30, 2024	15,065,106 shares	Year ended September 30, 2023	14,975,226 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	3,138,112	3,826,460
Notes and accounts receivable - trade, and contract assets	3,379,750	3,193,246
Merchandise and finished goods	3,575	3,775
Work in process	230,817	261,179
Raw materials and supplies	1,437	2,533
Accounts receivable - other	2,782	5,332
Other	312,179	184,950
Allowance for doubtful accounts	(12,900)	(9,880)
Total current assets	7,055,754	7,467,596
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,428,596	1,420,577
Accumulated depreciation and impairment	(300,254)	(381,360)
Buildings and structures, net	1,128,341	1,039,216
Vehicles	5,134	5,134
Accumulated depreciation	(3,652)	(4,588)
Vehicles, net	1,482	546
Tools, furniture and fixtures	595,318	647,576
Accumulated depreciation and impairment	(451,862)	(544,717)
Tools, furniture and fixtures, net	143,456	102,858
Land	618,090	581,070
Total property, plant and equipment	1,891,370	1,723,691
Intangible assets		
Software	399,939	714,007
Software in progress	491,939	287,389
Goodwill	305,119	15,516
Other	515	462
Total intangible assets	1,197,514	1,017,376
Investments and other assets		
Investment securities	439,809	438,348
Lease and guarantee deposits	93,430	113,982
Deferred tax assets	280,221	176,199
Retirement benefit asset	137,305	152,220
Long-term prepaid expenses	75,876	89,380
Other	73,079	73,095
Allowance for doubtful accounts	(360)	(360)
Total investments and other assets	1,099,361	1,042,866
Total non-current assets	4,188,246	3,783,934
Total assets	11,244,000	11,251,531

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	1,356,065	1,009,649
Short-term borrowings	200,000	–
Current portion of long-term borrowings	557,149	727,341
Lease liabilities	1,267	2,022
Accounts payable - other	300,975	174,455
Income taxes payable	262,036	201,223
Provision for bonuses	316,615	238,959
Contract liabilities	289,309	209,361
Other	337,202	274,717
Total current liabilities	3,620,622	2,837,730
Non-current liabilities		
Long-term borrowings	660,712	1,430,353
Lease liabilities	1,577	4,654
Retirement benefit liability	206,355	217,828
Deferred tax liabilities	2,288	–
Other	169,343	161,061
Total non-current liabilities	1,040,277	1,813,897
Total liabilities	4,660,899	4,651,628
Net assets		
Shareholders' equity		
Share capital	1,218,077	1,269,825
Capital surplus	1,243,929	1,295,678
Retained earnings	3,798,845	3,712,973
Treasury shares	(200,373)	(200,404)
Total shareholders' equity	6,060,479	6,078,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,114	17,523
Total accumulated other comprehensive income	19,114	17,523
Share acquisition rights	–	3,585
Non-controlling interests	503,507	500,721
Total net assets	6,583,101	6,599,903
Total liabilities and net assets	11,244,000	11,251,531

Consolidated statements of income and consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales	13,632,104	14,554,161
Cost of sales	9,941,715	11,188,910
Gross profit	3,690,388	3,365,250
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	284,953	264,937
Salaries and allowances	831,421	893,274
Bonuses	62,802	86,322
Legal welfare expenses	176,738	174,675
Provision for bonuses	101,431	26,516
Retirement benefit expenses	11,126	6,058
Provision of allowance for doubtful accounts	3,673	(3,020)
Advertising expenses	26,736	21,776
Travel and transportation expenses	111,375	117,378
Rent expenses	65,264	71,701
Taxes and dues	34,771	43,633
Depreciation	43,302	48,735
Commission expenses	198,317	224,752
Donations	66,000	912
Research and development expenses	137,736	15,707
Amortization of goodwill	46,367	34,404
Other	233,466	189,243
Total selling, general and administrative expenses	2,435,486	2,217,010
Operating profit	1,254,902	1,148,240
Non-operating income		
Interest income	450	396
Dividend income	2,825	2,558
Gain on sale of investment securities	6,737	7,992
Foreign exchange gains	141	–
Subsidy income	5,501	5,596
Other	3,914	5,430
Total non-operating income	19,570	21,974
Non-operating expenses		
Interest expenses	6,952	12,135
Loss on investments in investment partnerships	4,192	2,141
Share acquisition rights issuance costs	3,526	170
Commission expenses	1,891	1,133
Foreign exchange losses	–	285
Other	691	219
Total non-operating expenses	17,255	16,085
Ordinary profit	1,257,217	1,154,129

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Extraordinary income		
Gain on redemption of investment securities	120	120
Reversal of allowance for doubtful accounts	25,277	–
Gain on sale of non-current assets	–	13,758
Total extraordinary income	25,397	13,878
Extraordinary losses		
Loss on retirement of non-current assets	1,582	–
Impairment losses	18,720	265,504
Amortization of goodwill	–	184,178
Total extraordinary losses	20,303	449,682
Profit before income taxes	1,262,312	718,325
Income taxes - current	475,188	425,191
Income taxes - deferred	13,976	102,428
Total income taxes	489,164	527,619
Profit	773,147	190,705
Profit attributable to		
Profit attributable to owners of parent	687,532	123,420
Profit attributable to non-controlling interests	85,615	67,284
Other comprehensive income		
Valuation difference on available-for-sale securities	8,635	(1,591)
Total other comprehensive income	8,635	(1,591)
Comprehensive income	781,783	189,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	696,167	121,829
Comprehensive income attributable to non-controlling interests	85,615	67,284

Consolidated statements of changes in equity

Fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,198,552	1,224,404	3,291,991	(100,410)	5,614,537
Changes during period					
Dividends of surplus			(180,677)		(180,677)
Issuance of new shares - Restricted Stock -	19,525	19,525			39,050
Profit attributable to owners of parent			687,532		687,532
Purchase of treasury shares				(99,963)	(99,963)
Net changes in items other than shareholders' equity					
Total changes during period	19,525	19,525	506,854	(99,963)	445,941
Balance at end of period	1,218,077	1,243,929	3,798,845	(200,373)	6,060,479

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	10,479	10,479	457,091	6,082,108
Changes during period				
Dividends of surplus				(180,677)
Issuance of new shares - Restricted Stock -				39,050
Profit attributable to owners of parent				687,532
Purchase of treasury shares				(99,963)
Net changes in items other than shareholders' equity	8,635	8,635	46,415	55,051
Total changes during period	8,635	8,635	46,415	500,992
Balance at end of period	19,114	19,114	503,507	6,583,101

Fiscal year ended September 30, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,218,077	1,243,929	3,798,845	(200,373)	6,060,479
Changes during period					
Dividends of surplus			(209,292)		(209,292)
Issuance of new shares - exercise of share acquisition rights	33,082	33,082			66,165
Issuance of new shares - Restricted Stock -	18,665	18,665			37,331
Profit attributable to owners of parent			123,420		123,420
Purchase of treasury shares				(30)	(30)
Net changes in items other than shareholders' equity					
Total changes during period	51,748	51,748	(85,871)	(30)	17,593
Balance at end of period	1,269,825	1,295,678	3,712,973	(200,404)	6,078,073

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	19,114	19,114	–	503,507	6,583,101
Changes during period					
Dividends of surplus					(209,292)
Issuance of new shares - exercise of share acquisition rights					66,165
Issuance of new shares - Restricted Stock -					37,331
Profit attributable to owners of parent					123,420
Purchase of treasury shares					(30)
Net changes in items other than shareholders' equity	(1,591)	(1,591)	3,585	(2,785)	(792)
Total changes during period	(1,591)	(1,591)	3,585	(2,785)	16,801
Balance at end of period	17,523	17,523	3,585	500,721	6,599,903

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,262,312	718,325
Depreciation of fixed assets	107,915	111,955
Depreciation of intangible assets	285,080	362,205
Amortization of goodwill	46,367	218,583
Gain on sale of non-current assets	–	(13,758)
Impairment losses	18,720	265,504
Increase (decrease) in provision for bonuses	88,987	(77,655)
Increase (decrease) in allowance for doubtful accounts	(42,446)	(3,020)
Interest and dividend income	(3,275)	(2,954)
Interest expenses	6,952	12,135
Decrease (increase) in trade receivables	(939,609)	186,503
Decrease (increase) in distressed receivables	46,119	–
Decrease (increase) in inventories	114,384	(31,658)
Increase (decrease) in trade payables	176,686	(346,416)
Increase (decrease) in accounts payable - other	89,207	(129,035)
Other, net	102,055	(103,529)
Subtotal	1,359,460	1,167,184
Interest and dividends received	3,263	2,924
Interest paid	(6,952)	(12,135)
Income taxes paid	(612,118)	(491,664)
Income taxes refund	52,163	85,988
Net cash provided by (used in) operating activities	795,816	752,297
Cash flows from investing activities		
Purchase of property, plant and equipment	(275,995)	(75,863)
Proceeds from sale of property, plant and equipment	–	66,087
Purchase of intangible assets	(566,169)	(586,537)
Purchase of investment securities	(17,587)	(20,827)
Proceeds from sale of investment securities	26,475	25,650
Proceeds from share of profits on investments in partnership	1,872	93
Payments of leasehold and guarantee deposits	(2,394)	(25,931)
Proceeds from refund of leasehold and guarantee deposits	14,044	418
Other, net	(41,960)	(13,504)
Net cash provided by (used in) investing activities	(861,715)	(630,414)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	100,000	(200,000)
Proceeds from long-term borrowings	–	1,800,000
Repayments of long-term borrowings	(567,003)	(860,167)
Redemption of bonds	(5,000)	–
Purchase of treasury shares	(99,963)	(30)
Repayments of lease liabilities	(1,695)	(1,387)
Proceeds from issuance of shares	39,050	37,331
Dividends paid	(180,698)	(208,961)
Dividends paid to non-controlling interests	(39,200)	(70,070)
Proceeds from issuance of share acquisition rights	–	3,750
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	66,000
Net cash provided by (used in) financing activities	(754,509)	566,464
Net increase (decrease) in cash and cash equivalents	(820,408)	688,347
Cash and cash equivalents at beginning of period	3,958,521	3,138,112
Cash and cash equivalents at end of period	3,138,112	3,826,460