

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

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, 2023
 Scheduled date to file Securities Report: December 20, 2023
 Scheduled date to commence dividend payments: December 21, 2023
 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, 2023 (from October 1, 2022 to September 30, 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	%
Year ended September 30, 2023	13,632	(0.5)	1,254	21.7	1,257	20.4	687	16.9
Year ended September 30, 2022	13,702	—	1,031	—	1,044	—	588	—

	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, 2023	45.91	—	11.7	11.4	9.2
Year ended September 30, 2022	39.13	—	11.0	10.3	7.5

(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, 2023	11,244	6,583	54.1	406.68
As of September 30, 2022	10,905	6,082	51.6	373.59

(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, 2023	795	(861)	(754)	3,138
Year ended September 30, 2022	1,550	(763)	306	3,958

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, 2022	—	0.00	—	12.00	12.00	180	30.7	3.4
Year ended September 30, 2023	—	0.00	—	14.00	14.00	209	30.5	3.6
Year ending September 30, 2024 (Forecast)	—	0.00	—	15.00	15.00		29.9	

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

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, 2024	7,990	8.8	660	(21.4)	660	(21.2)	320	(35.3)	21.41
Full year	15,500	13.7	1,350	7.6	1,350	7.4	750	9.1	50.17

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): 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: Yes

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, 2023	15,347,600 shares	As of September 30, 2022	15,273,500 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	398,114 shares	As of September 30, 2022	217,014 shares
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Average number of shares during the period

Year ended September 30, 2023	14,975,226 shares	Year ended September 30, 2022	15,027,075 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,958,521	3,138,112
Notes and accounts receivable - trade, and contract assets	2,440,141	3,379,750
Merchandise and finished goods	3,421	3,575
Work in process	345,520	230,817
Raw materials and supplies	1,272	1,437
Accounts receivable - other	1,996	2,782
Other	359,131	312,179
Allowance for doubtful accounts	(9,227)	(12,900)
Total current assets	7,100,777	7,055,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,245,310	1,428,596
Accumulated depreciation and impairment	(248,463)	(300,254)
Buildings and structures, net	996,846	1,128,341
Vehicles	5,134	5,134
Accumulated depreciation	(2,716)	(3,652)
Vehicles, net	2,418	1,482
Tools, furniture and fixtures	492,436	595,318
Accumulated depreciation and impairment	(398,747)	(451,862)
Tools, furniture and fixtures, net	93,689	143,456
Land	618,090	618,090
Construction in progress	28,807	–
Total property, plant and equipment	1,739,851	1,891,370
Intangible assets		
Software	313,341	399,939
Software in progress	304,188	491,939
Goodwill	369,645	305,119
Other	667	515
Total intangible assets	987,843	1,197,514
Investments and other assets		
Investment securities	435,750	439,809
Lease and guarantee deposits	109,250	93,430
Distressed receivables	46,119	–
Deferred tax assets	295,682	280,221
Retirement benefit asset	129,607	137,305
Long-term prepaid expenses	63,281	75,876
Other	43,713	73,079
Allowance for doubtful accounts	(46,479)	(360)
Total investments and other assets	1,076,926	1,099,361
Total non-current assets	3,804,621	4,188,246
Total assets	10,905,398	11,244,000

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,179,379	1,356,065
Short-term borrowings	100,000	200,000
Current portion of bonds payable	5,000	–
Current portion of long-term borrowings	598,042	557,149
Lease liabilities	1,524	1,267
Accounts payable - other	226,862	300,975
Income taxes payable	305,077	262,036
Provision for bonuses	227,627	316,615
Contract liabilities	308,229	289,309
Other	310,955	337,202
Total current liabilities	3,262,698	3,620,622
Non-current liabilities		
Long-term borrowings	1,186,822	660,712
Lease liabilities	2,026	1,577
Retirement benefit liability	194,116	206,355
Deferred tax liabilities	–	2,288
Other	177,626	169,343
Total non-current liabilities	1,560,591	1,040,277
Total liabilities	4,823,289	4,660,899
Net assets		
Shareholders' equity		
Share capital	1,198,552	1,218,077
Capital surplus	1,224,404	1,243,929
Retained earnings	3,291,991	3,798,845
Treasury shares	(100,410)	(200,373)
Total shareholders' equity	5,614,537	6,060,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,479	19,114
Total accumulated other comprehensive income	10,479	19,114
Non-controlling interests	457,091	503,507
Total net assets	6,082,108	6,583,101
Total liabilities and net assets	10,905,398	11,244,000

Consolidated statements of income and consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	13,702,572	13,632,104
Cost of sales	10,543,926	9,941,715
Gross profit	3,158,646	3,690,388
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	256,726	284,953
Salaries and allowances	743,644	831,421
Bonuses	71,897	62,802
Legal welfare expenses	149,123	176,738
Provision for bonuses	50,770	101,431
Retirement benefit expenses	16,202	11,126
Provision of allowance for doubtful accounts	(831)	3,673
Advertising expenses	16,953	26,736
Travel and transportation expenses	91,507	111,375
Rent expenses	57,842	65,264
Taxes and dues	51,496	34,771
Depreciation	32,266	43,302
Commission expenses	182,587	198,317
Donations	150	66,000
Research and development expenses	178,392	137,736
Amortization of goodwill	34,485	46,367
Other	194,215	233,466
Total selling, general and administrative expenses	2,127,431	2,435,486
Operating profit	1,031,214	1,254,902
Non-operating income		
Interest income	71	450
Dividend income	3,095	2,825
Gain on sale of investment securities	56	6,737
Gain on investments in investment partnerships	428	–
Foreign exchange gains	5,784	141
Subsidy income	2,645	5,501
Other	9,213	3,914
Total non-operating income	21,295	19,570
Non-operating expenses		
Interest expenses	7,948	6,952
Loss on investments in investment partnerships	–	4,192
Share acquisition rights issuance costs	–	3,526
Commission expenses	–	1,891
Other	234	691
Total non-operating expenses	8,182	17,255
Ordinary profit	1,044,328	1,257,217

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Extraordinary income		
Gain on redemption of investment securities	120	120
Reversal of allowance for doubtful accounts	–	25,277
Surrender value of insurance policies	89,664	–
Total extraordinary income	89,784	25,397
Extraordinary losses		
Loss on retirement of non-current assets	6,827	1,582
Retirement benefits for directors (and other officers)	60,800	–
Impairment losses	–	18,720
Total extraordinary losses	67,627	20,303
Profit before income taxes	1,066,484	1,262,312
Income taxes - current	478,003	475,188
Income taxes - deferred	(94,171)	13,976
Total income taxes	383,831	489,164
Profit	682,652	773,147
Profit attributable to		
Profit attributable to owners of parent	588,002	687,532
Profit attributable to non-controlling interests	94,650	85,615
Other comprehensive income		
Valuation difference on available-for-sale securities	(21,383)	8,635
Total other comprehensive income	(21,383)	8,635
Comprehensive income	661,269	781,783
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	566,619	696,167
Comprehensive income attributable to non-controlling interests	94,650	85,615

Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,175,942	1,201,794	2,763,441	(100,410)	5,040,768
Cumulative effects of changes in accounting policies			60,238		60,238
Restated balance	1,175,942	1,201,794	2,823,680	(100,410)	5,101,007
Changes during period					
Dividends of surplus			(119,691)		(119,691)
Issuance of new shares - Restricted Stock -	22,610	22,610			45,220
Profit attributable to owners of parent			588,002		588,002
Net changes in items other than shareholders' equity					
Total changes during period	22,610	22,610	468,310	-	513,530
Balance at end of period	1,198,552	1,224,404	3,291,991	(100,410)	5,614,537

	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	31,862	31,862	406,541	5,479,172
Cumulative effects of changes in accounting policies				60,238
Restated balance	31,862	31,862	406,541	5,539,411
Changes during period				
Dividends of surplus				(119,691)
Issuance of new shares - Restricted Stock -				45,220
Profit attributable to owners of parent				588,002
Net changes in items other than shareholders' equity	(21,383)	(21,383)	50,550	29,166
Total changes during period	(21,383)	(21,383)	50,550	542,697
Balance at end of period	10,479	10,479	457,091	6,082,108

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

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,066,484	1,262,312
Depreciation of fixed assets	69,537	107,915
Depreciation of intangible assets	265,750	285,080
Amortization of goodwill	34,485	46,367
Impairment losses	–	18,720
Increase (decrease) in provision for bonuses	(10,748)	88,987
Increase (decrease) in allowance for doubtful accounts	(831)	(42,446)
Interest and dividend income	(3,166)	(3,275)
Interest expenses	7,948	6,952
Decrease (increase) in trade receivables	215,868	(939,609)
Decrease (increase) in distressed receivables	–	46,119
Decrease (increase) in inventories	312,198	114,384
Increase (decrease) in trade payables	(19,343)	176,686
Increase (decrease) in accounts payable - other	8,842	89,207
Other, net	59,105	102,055
Subtotal	2,006,133	1,359,460
Interest and dividends received	3,155	3,263
Interest paid	(7,948)	(6,952)
Income taxes paid	(489,119)	(612,118)
Income taxes refund	38,458	52,163
Net cash provided by (used in) operating activities	1,550,678	795,816
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,144,148)	(275,995)
Purchase of intangible assets	(360,894)	(566,169)
Proceeds from sale of shares of subsidiaries and associates	800,000	–
Purchase of investment securities	(5,627)	(17,587)
Proceeds from sale of investment securities	20,142	26,475
Proceeds from share of profits on investments in partnership	9,121	1,872
Proceeds from cancellation of insurance funds	173,878	–
Payments of leasehold and guarantee deposits	(554)	(2,394)
Proceeds from refund of leasehold and guarantee deposits	9,519	14,044
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(265,425)	–
Other, net	157	(41,960)
Net cash provided by (used in) investing activities	(763,830)	(861,715)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	100,000	100,000
Proceeds from long-term borrowings	1,000,000	–
Repayments of long-term borrowings	(648,270)	(567,003)
Redemption of bonds	(25,000)	(5,000)
Purchase of treasury shares	–	(99,963)
Repayments of lease liabilities	(1,460)	(1,695)
Proceeds from issuance of shares	45,220	39,050
Dividends paid	(119,745)	(180,698)
Dividends paid to non-controlling interests	(44,100)	(39,200)
Net cash provided by (used in) financing activities	306,644	(754,509)
Net increase (decrease) in cash and cash equivalents	1,093,491	(820,408)
Cash and cash equivalents at beginning of period	2,865,030	3,958,521
Cash and cash equivalents at end of period	3,958,521	3,138,112