

Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 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 to file Quarterly Securities Report: May 10, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative)

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 March 31, 2024	8,070	9.9	741	(11.7)	744	(11.2)	371	(24.9)
Six months ended March 31, 2023	7,341	1.5	839	36.3	837	34.9	494	47.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2024	24.77		–	
Six months ended March 31, 2023	32.99		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	12,889	6,823	49.3
As of September 30, 2023	11,244	6,583	54.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2023	–	0.00	–	14.00	14.00
Year ending September 30, 2024	–	0.00			
Year ending September 30, 2024 (Forecast)			–	15.00	15.00

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
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 six months ended March 31, 2024
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of March 31, 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 March 31, 2024	398,163 shares	As of September 30, 2023	398,114 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	15,009,975 shares	Six months ended March 31, 2023	15,001,106 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	3,138,112	3,379,641
Notes and accounts receivable - trade, and contract assets	3,379,750	4,678,368
Merchandise and finished goods	3,575	3,062
Work in process	230,817	281,857
Raw materials and supplies	1,437	1,262
Accounts receivable - other	2,782	3,519
Other	312,179	278,267
Allowance for doubtful accounts	(12,900)	(14,481)
Total current assets	7,055,754	8,611,498
Non-current assets		
Property, plant and equipment	1,891,370	1,865,355
Intangible assets		
Goodwill	305,119	283,332
Other	892,394	1,059,264
Total intangible assets	1,197,514	1,342,597
Investments and other assets		
Investment securities	439,809	444,919
Other	659,912	625,454
Allowance for doubtful accounts	(360)	(360)
Total investments and other assets	1,099,361	1,070,014
Total non-current assets	4,188,246	4,277,967
Total assets	11,244,000	12,889,466
Liabilities		
Current liabilities		
Accounts payable - trade	1,356,065	1,661,095
Short-term borrowings	200,000	–
Current portion of long-term borrowings	557,149	870,815
Accounts payable - other	300,975	189,480
Income taxes payable	262,036	291,797
Provision for bonuses	316,615	252,794
Contract liabilities	289,309	294,463
Other	338,470	354,643
Total current liabilities	3,620,622	3,915,089
Non-current liabilities		
Long-term borrowings	660,712	1,765,722
Retirement benefit liability	206,355	219,161
Other	173,209	165,839
Total non-current liabilities	1,040,277	2,150,722
Total liabilities	4,660,899	6,065,812

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
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	3,961,278
Treasury shares	(200,373)	(200,404)
Total shareholders' equity	6,060,479	6,326,377
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,114	27,322
Total accumulated other comprehensive income	19,114	27,322
Share acquisition rights	–	3,585
Non-controlling interests	503,507	466,368
Total net assets	6,583,101	6,823,654
Total liabilities and net assets	11,244,000	12,889,466

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	7,341,341	8,070,171
Cost of sales	5,378,975	6,190,754
Gross profit	1,962,366	1,879,417
Selling, general and administrative expenses	1,122,790	1,137,934
Operating profit	839,575	741,483
Non-operating income		
Interest income	229	19
Dividend income	1,180	1,045
Foreign exchange gains	–	640
Subsidy income	1,739	4,993
Other	3,061	3,617
Total non-operating income	6,211	10,316
Non-operating expenses		
Interest expenses	3,642	5,165
Foreign exchange losses	1,590	–
Loss on investments in investment partnerships	1,537	1,650
Other	1,444	835
Total non-operating expenses	8,214	7,651
Ordinary profit	837,571	744,147
Extraordinary income		
Reversal of allowance for doubtful accounts	25,277	–
Gain on redemption of investment securities	120	120
Total extraordinary income	25,397	120
Extraordinary losses		
Loss on retirement of non-current assets	1,582	–
Total extraordinary losses	1,582	–
Profit before income taxes	861,387	744,267
Income taxes - current	289,277	282,562
Income taxes - deferred	36,494	57,048
Total income taxes	325,771	339,610
Profit	535,615	404,656
Profit attributable to		
Profit attributable to owners of parent	494,855	371,725
Profit attributable to non-controlling interests	40,760	32,931
Other comprehensive income		
Valuation difference on available-for-sale securities	11,179	8,207
Total other comprehensive income	11,179	8,207
Comprehensive income	546,794	412,864
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	506,034	379,933
Comprehensive income attributable to non-controlling interests	40,760	32,931

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	861,387	744,267
Depreciation	172,340	209,702
Amortization of goodwill	23,183	21,787
Increase (decrease) in allowance for doubtful accounts	(41,921)	1,581
Interest and dividend income	(1,409)	(1,064)
Interest expenses	3,642	5,165
Decrease (increase) in trade receivables	(1,149,674)	(1,298,617)
Decrease (increase) in distressed receivables	46,119	–
Decrease (increase) in inventories	102,258	(50,353)
Increase (decrease) in trade payables	(71,196)	305,029
Increase (decrease) in accounts payable - other	(49,466)	(119,565)
Other, net	134,334	(98,118)
Subtotal	29,597	(280,186)
Interest and dividends received	1,404	1,058
Interest paid	(3,642)	(5,165)
Income taxes paid	(368,417)	(252,945)
Income taxes refund	52,163	85,988
Net cash provided by (used in) operating activities	(288,894)	(451,249)
Cash flows from investing activities		
Purchase of property, plant and equipment	(38,149)	(25,874)
Purchase of intangible assets	(185,288)	(320,170)
Purchase of investment securities	(700)	(4,600)
Proceeds from sale of investment securities	9,483	9,492
Proceeds from share of profits on investments in partnership	1,572	93
Other, net	(41,011)	(12,295)
Net cash provided by (used in) investing activities	(254,093)	(353,354)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	390,000	(200,000)
Proceeds from long-term borrowings	–	1,800,000
Repayments of long-term borrowings	(297,555)	(381,324)
Redemption of bonds	(5,000)	–
Purchase of treasury shares	(99,963)	(30)
Repayments of lease liabilities	(894)	(735)
Proceeds from issuance of shares	39,050	37,331
Proceeds from issuance of share acquisition rights	–	3,750
Proceeds from issuance of shares resulting from exercise of share acquisition rights	–	66,000
Dividends paid	(180,407)	(208,788)
Dividends paid to non-controlling interests	(39,200)	(70,070)
Net cash provided by (used in) financing activities	(193,970)	1,046,132
Net increase (decrease) in cash and cash equivalents	(736,958)	241,528
Cash and cash equivalents at beginning of period	3,958,521	3,138,112
Cash and cash equivalents at end of period	3,221,562	3,379,641