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Consolidated Financial Results for the Nine Months Ended April 30, 2024 (Under Japanese GAAP)

June 7, 2024

Company name: Eternal Hospitality Group Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 3193
 URL: <https://eternal-hospitality.co.jp/>
 Representative: Tadashi Okura, Representative Director, President, and CEO
 Inquiries: Hiroshi Kobata, Executive Officer and General Manager of Corporate Management
 Department

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Scheduled date to file quarterly securities report: June 11, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on quarterly financial results : None

Holding of quarterly financial results briefing : None

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the nine months ended April 30, 2024 (from August 1, 2023 to April 30, 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	%
Nine months ended April 30, 2024	30,913	27.9	2,698	217.1	2,715	217.5	1,715	314.0
Nine months ended April 30, 2023	24,169	82.3	850	-	855	(52.9)	414	(63.5)

Note: Comprehensive income For the nine months ended April 30, 2024 ¥1,726 million (321.7%)
 For the nine months ended April 30, 2023 ¥409 million [(63.8%)]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended April 30, 2024	148.02		-	
Nine months ended April 30, 2023	35.75		-	

Note: As of the end of the fiscal year ended July 31, 2023, the provisional accounting treatment for business combination has been finalized. The figures for the nine months ended April 30, 2023 reflect the details of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of April 30, 2024	21,037		8,476		40.3	
July 31, 2023	19,318		6,890		35.7	

Reference: Equity

As of April 30, 2024 ¥8,476 million
 As of July 31, 2023 ¥6,890 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended July 31, 2023	-	4.00	-	6.00	10.00
Fiscal year ending July 31, 2024	-	6.00			
Fiscal year ending July 31, 2024 (Forecast)			-	6.00	12.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

(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
Full year	41,010	22.6	3,012	112.5	3,010	110.6	1,740	182.5	150.21

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies , Excluded: – companies

(2) Adoption of accounting treatment specific to 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)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of April 30, 2024	11,622,300 shares	As of July 31, 2023	11,622,300 shares
As of April 30, 2024	33,588 shares	As of July 31, 2023	33,564 shares
As of April 30, 2024	11,588,715 shares	As of April 30, 2023	11,588,736 shares

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

* Proper use of earnings forecasts, and other special matters

Forecasts of financial results and other forward-looking statements herein are based on information available to the Company (Eternal Hospitality Group Co., Ltd.) at the time of submission and certain assumptions deemed reasonable by the Company. They do not constitute guarantees of future performance and actual results, etc., may differ materially from these forecasts due to a variety of factors.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of July 31, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	8,631,720	9,623,760
Accounts receivable - trade	857,369	1,023,149
Inventories	156,058	197,978
Accounts receivable - other	549,670	640,803
Other	461,844	476,058
Total current assets	10,656,663	11,961,749
Non-current assets		
Property, plant and equipment		
Buildings, net	4,445,781	4,508,896
Other, net	515,958	974,108
Total property, plant and equipment	4,961,739	5,483,005
Intangible assets		
Goodwill	256,070	235,675
Other	213,536	199,411
Total intangible assets	469,606	435,087
Investments and other assets		
Deferred tax assets	1,123,040	946,918
Other	2,118,256	2,219,901
Allowance for doubtful accounts	(10,315)	(8,824)
Total investments and other assets	3,230,981	3,157,995
Total non-current assets	8,662,328	9,076,089
Total assets	19,318,991	21,037,838
Liabilities		
Current liabilities		
Accounts payable - trade	1,499,053	1,779,671
Current portion of long-term borrowings	3,800,314	3,756,768
Accounts payable - other	1,481,741	1,743,239
Income taxes payable	104,730	608,966
Provision for bonuses	481,065	214,239
Provision for shareholder benefit program	43,970	17,741
Provision for bonuses for directors (and other officers)	74,090	36,667
Other	1,455,694	1,447,347
Total current liabilities	8,940,660	9,604,641
Non-current liabilities		
Long-term borrowings	1,958,857	1,391,281
Provision for share awards for directors (and other officers)	24,016	37,163
Retirement benefit liability	81,766	83,741
Asset retirement obligations	1,170,883	1,190,414
Other	252,671	253,661
Total non-current liabilities	3,488,195	2,956,260
Total liabilities	12,428,855	12,560,902
Net assets		
Shareholders' equity		
Share capital	1,491,829	1,491,829
Capital surplus	1,481,829	1,481,829
Retained earnings	3,964,697	5,540,620
Treasury shares	(86,841)	(86,916)
Total shareholders' equity	6,851,514	8,427,362
Accumulated other comprehensive income		
Foreign currency translation adjustment	33,494	50,275
Remeasurements of defined benefit plans	5,126	(702)
Total accumulated other comprehensive income	38,621	49,573
Total net assets	6,890,135	8,476,936
Total liabilities and net assets	19,318,991	21,037,838

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the Nine Months Ended April 30, 2024 and 2023)

(Thousands of yen)

	Nine months ended April 30, 2023	Nine months ended April 30, 2024
Net sales	24,169,967	30,913,100
Cost of sales	7,193,932	9,518,239
Gross profit	16,976,034	21,394,861
Selling, general and administrative expenses	16,125,129	18,696,219
Operating profit	850,905	2,698,641
Non-operating income		
Interest income	54	60
Surrender value of insurance policies	9,109	8,569
Insurance claim income	1,340	11,504
Foreign exchange gains	6,117	4,752
Other	5,619	9,998
Total non-operating income	22,241	34,886
Non-operating expenses		
Interest expenses	12,345	9,935
Fees paid	4,728	3,379
Cash over and short	-	3,907
Other	550	444
Total non-operating expenses	17,624	17,668
Ordinary profit	855,521	2,715,860
Extraordinary income		
Gain on sale of non-current assets	7,289	-
Compensation for forced relocation	32,633	-
Total extraordinary income	39,922	-
Extraordinary losses		
Loss on retirement of non-current assets	752	1,600
Impairment losses	151,734	29,654
Total extraordinary losses	152,487	31,254
Profit before income taxes	742,957	2,684,605
Income taxes - current	170,281	790,016
Income taxes - deferred	158,340	179,199
Total income taxes	328,622	969,216
Profit	414,335	1,715,389
Profit attributable to owners of parent	414,335	1,715,389

(Quarterly Consolidated Statement of Comprehensive Income)
(For the Nine Months Ended April 30, 2024 and 2023)

(Thousands of yen)

	Nine months ended April 30, 2023	Nine months ended April 30, 2024
Profit	414,335	1,715,389
Other comprehensive income		
Foreign currency translation adjustment	-	16,781
Remeasurements of defined benefit plans	(5,000)	(5,829)
Total other comprehensive income	(5,000)	10,952
Comprehensive income	409,334	1,726,341
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	409,334	1,726,341
Comprehensive income attributable to non-controlling interests	-	-