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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 26, 2024

Company name: HIGASHI TWENTY ONE CO.,LTD.

Listing: Tokyo

Securities code: 9029

URL: <https://www.e-higashi.co.jp/>

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

Director, Representative Executive Officer, President & CEO

Director, Managing Executive Officer

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 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	%
Three months ended June 30, 2024	11,040	12.3	536	(8.8)	567	(10.7)	302	(18.3)
June 30, 2023	9,832	22.1	588	25.2	635	25.8	370	15.3

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 294 million [(29.6)%]
Three months ended June 30, 2023: ¥ 418 million [34.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	22.96	-
June 30, 2023	28.23	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	28,008	12,132	43.3
March 31, 2024	25,535	12,311	48.2

(Reference) Equity: As of June 30, 2024: ¥ 12,132 million
As of March 31, 2024: ¥ 12,311 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	36.00	36.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		0.00	-	38.00	38.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(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
Six months ending September 30, 2024	20,580	5.4	1,220	7.8	1,260	4.4	790	6.4	59.76
Full year	42,500	4.6	2,450	11.9	2,600	12.6	1,640	8.8	124.05

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes
 Newly included: 1 (Company name: NEOCOMPETENCE CO.,LTD.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):
 June 30, 2024: 13,264,000 shares
 March 31, 2024: 13,264,000 shares

- 2) Number of treasury shares at the end of the period:
 June 30, 2024: 89,525 shares
 March 31, 2024: 89,525 shares

- 3) Average number of shares outstanding during the period:
 Three months ended June 30, 2024: 13,174,475 shares
 Three months ended June 30, 2023: 13,121,075 shares

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Any statements herein do not constitute assurances regarding actual results by the Company.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,062,459	4,578,329
Notes receivable - trade	410,609	427,094
Trade accounts receivable and contract assets	6,316,940	5,451,485
Merchandise	388,027	356,738
Other	567,302	661,033
Allowance for doubtful accounts	(7,754)	(9,849)
Total current assets	11,737,584	11,464,832
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,144,322	2,749,084
Machinery, equipment and vehicles, net	1,528,732	1,624,888
Land	3,944,721	3,944,721
Other, net	1,514,417	2,628,398
Total property, plant and equipment	9,132,194	10,947,093
Intangible assets		
Goodwill	421,341	1,116,534
Other	182,128	175,368
Total intangible assets	603,470	1,291,902
Investments and other assets		
Investment securities	1,211,873	1,261,923
Guarantee deposits	2,307,494	2,318,274
Other	586,159	767,953
Allowance for doubtful accounts	(43,463)	(43,463)
Total investments and other assets	4,062,063	4,304,687
Total non-current assets	13,797,728	16,543,683
Total assets	25,535,312	28,008,515

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade accounts payable	3,251,747	2,112,482
Short-term borrowings	2,030,000	2,671,120
Current portion of long-term borrowings	499,052	815,866
Income taxes payable	533,103	296,205
Provision for bonuses	359,297	270,600
Other	1,843,850	3,649,084
Total current liabilities	8,517,050	9,815,359
Non-current liabilities		
Long-term borrowings	2,663,817	3,856,768
Retirement benefit liability	152,731	153,533
Asset retirement obligations	330,343	330,621
Other	1,559,481	1,719,746
Total non-current liabilities	4,706,374	6,060,669
Total liabilities	13,223,425	15,876,028
Net assets		
Shareholders' equity		
Share capital	1,001,996	1,001,996
Capital surplus	140,422	140,422
Retained earnings	10,850,916	10,679,166
Treasury shares	(43,931)	(43,931)
Total shareholders' equity	11,949,403	11,777,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390,403	380,784
Remeasurements of defined benefit plans	(27,919)	(25,950)
Total accumulated other comprehensive income	362,484	354,833
Total net assets	12,311,887	12,132,487
Total liabilities and net assets	25,535,312	28,008,515

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	9,832,422	11,040,440
Cost of sales	7,857,798	8,946,236
Gross profit	1,974,624	2,094,203
Selling, general and administrative expenses	1,386,393	1,557,473
Operating profit	588,230	536,729
Non-operating income		
Interest income	31	24
Dividend income	10,057	12,362
Rental income	12,475	11,369
Subsidy income	5,107	5,589
Surrender value of insurance policies	14,274	-
Other	12,236	14,282
Total non-operating income	54,182	43,627
Non-operating expenses		
Interest expenses	2,811	4,733
Rental expenses	3,099	3,041
Other	1,348	5,101
Total non-operating expenses	7,259	12,877
Ordinary profit	635,154	567,480
Extraordinary losses		
Loss on retirement of non-current assets	-	388
Total extraordinary losses	-	388
Profit before income taxes	635,154	567,091
Income taxes	264,713	264,560
Profit	370,440	302,531
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	370,440	302,531

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	370,440	302,531
Other comprehensive income		
Valuation difference on available-for-sale securities	46,715	(9,619)
Remeasurements of defined benefit plans, net of tax	1,771	1,968
Total other comprehensive income	48,486	(7,650)
Comprehensive income	418,927	294,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	418,927	294,880
Comprehensive income attributable to non-controlling interests	-	-