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Non-consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 14, 2023

Company name: ZENHOREN CO.,LTD.

Stock exchange listing: Tokyo

Code number: 5845

URL: <https://www.zenhoren.jp/>

Representative: Yukiharu Sako

Contact: Hiroshi Kobayashi

Phone: +81-98-866-4901

Representative Director, President and Executive Officer
Manager, Corporate Planning

Scheduled date of filing quarterly securities report: November 14, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|--|-----------------|---|------------------|---|-----------------|---|-----------------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended September 30, 2023 | 12,174 | - | 1,749 | - | 1,719 | - | 1,186 | - |
| September 30, 2022 | - | - | - | - | - | - | - | - |

| | Basic earnings per share | Diluted earnings per share |
|--|-----------------------------|-------------------------------|
| | Yen | Yen |
| Six months ended September 30, 2023 | 62.87 | - |
| September 30, 2022 | - | - |

(Note) Since the Company did not prepare quarterly financial statements for the second quarter of the fiscal year ended March 31, 2023, figures for the second quarter of the fiscal year ended March 31, 2023, changes from the same period of the previous year, and percentage change from the same period of the previous year for the second quarter of the fiscal year ending March 31, 2024, are not shown.

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity -to-asset ratio |
|-----------------------------|-----------------|-----------------|------------------------|
| | Millions of yen | Millions of yen | % |
| As of September 30, 2023 | 21,569 | 2,999 | 13.9 |
| March 31, 2023 | 20,425 | 1,453 | 7.1 |

(Reference) Equity: As of September 30, 2023: ¥ 2,995 million
As of March 31, 2023: ¥ 1,449 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, 2023 | - | 4.00 | - | 0.00 | 4.00 |
| Fiscal year ending March 31, 2024 | - | 0.00 | | | |
| Fiscal year ending March 31, 2024 (Forecast) | | | - | 25.00 | 25.00 |

(Note) Revision to the forecast for dividends announced most recently: No

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | | Basic earnings per share |
|-----------|-----------------|---|------------------|---|-----------------|---|-----------------|---|-----------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 24,754 | - | 2,395 | - | 2,308 | - | 1,612 | - | 79.76 |

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly Non-consolidated financial statements: Yes

Notes on the Application of Special Accounting Methods for the Preparation of Quarterly Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying income before income taxes by the estimated effective tax rate, which is reasonably estimated by applying tax effect accounting to income before income taxes for the fiscal year including this second quarter.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

September 30, 2023: 20,448,800 shares

March 31, 2023: 19,448,800 shares

2) Number of treasury shares at the end of the period:

September 30, 2023: 1,105,884 shares

March 31, 2023: 1,105,884 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 18,865,138 shares

Six months ended September 30, 2022: - shares

※Quarterly financial statements are not subject to quarterly review by a certified public accountant or auditing firm.

※Explanation of appropriate use of earnings forecasts and other special notes

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to various factors.

Quarterly Non-consolidated Financial Statements
Quarterly Non-consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|------------------------------------|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,866 | 5,384 |
| Accounts receivable - other | 2,795 | 2,846 |
| Right to reimbursement | 5,210 | 6,792 |
| Rent payment | 1,251 | 1,765 |
| Supplies | 37 | 27 |
| Other | 2,829 | 2,178 |
| Allowance for doubtful accounts | (2,737) | (4,141) |
| Total current assets | 13,253 | 14,853 |
| Non-current assets | | |
| Property, plant and equipment | 642 | 574 |
| Intangible assets | 2,482 | 2,108 |
| Investments and other assets | | |
| Deferred tax assets | 3,586 | 3,586 |
| Other | 460 | 446 |
| Total investments and other assets | 4,047 | 4,033 |
| Total non-current assets | 7,172 | 6,715 |
| Total assets | 20,425 | 21,569 |

(Millions of yen)

| | As of March 31, 2023 | As of September 30, 2023 |
|--|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Short-term borrowings | 2,997 | 3,000 |
| Current portion of long-term borrowings | 233 | 230 |
| Income taxes payable | 11 | 532 |
| Provision for loss of performance of guarantee | 1,148 | 874 |
| Provision for bonuses | 274 | 184 |
| Advances received | 10,593 | 10,561 |
| Lease liabilities | 865 | 748 |
| Other | 1,422 | 1,452 |
| Total current liabilities | 17,547 | 17,585 |
| Non-current liabilities | | |
| Long-term borrowings | 292 | 178 |
| Lease liabilities | 1,045 | 719 |
| Asset retirement obligations | 86 | 86 |
| Total non-current liabilities | 1,424 | 984 |
| Total liabilities | 18,971 | 18,569 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 99 | 279 |
| Capital surplus | 2,449 | 2,629 |
| Retained earnings | (463) | 722 |
| Treasury shares | (635) | (635) |
| Total shareholders' equity | 1,449 | 2,995 |
| Share acquisition rights | 4 | 4 |
| Total net assets | 1,453 | 2,999 |
| Total liabilities and net assets | 20,425 | 21,569 |

Quarterly Non-consolidated Statements of Income

Quarterly Non-consolidated Statements of Income (For the six months)

(Millions of yen)

| | For the six months ended September 30, 2023 |
|--|--|
| Net sales | 12,174 |
| Cost of sales | 2,974 |
| Gross profit | 9,199 |
| Selling, general and administrative expenses | 7,449 |
| Operating profit | 1,749 |
| Non-operating income | |
| Interest income | 0 |
| Recoveries of written off receivables | 4 |
| Interest on tax refund | 3 |
| Other | 1 |
| Total non-operating income | 9 |
| Non-operating expenses | |
| Interest expenses | 39 |
| Other | 0 |
| Total non-operating expenses | 40 |
| Ordinary profit | 1,719 |
| Profit before income taxes | 1,719 |
| Income taxes | 532 |
| Net income | 1,186 |