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November 12, 2024

Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (Under Japanese GAAP)

Company name: CSS Holdings, Ltd.
Listing: Tokyo Stock Exchange
Securities code: 2304
URL: http://www.css-holdings.jp (in Japanese)
Representative: Katsuhiro Mizuno, Representative Director and President
Inquiries: Yoshihiko Iwasaki, Executive Officer
Telephone: +81-3-6661-7840

Scheduled date of annual general meeting of shareholders: December 19, 2024
Scheduled date to commence dividend payments: December 20, 2024
Scheduled date to file annual securities report: December 20, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	17,631	18.9	595	115.9	630	100.9	429	86.4
September 30, 2023	14,832	36.3	276	–	313	284.8	230	123.5

Note: Comprehensive income For the fiscal year ended September 30, 2024: ¥431 million [48.8%]
For the fiscal year ended September 30, 2023: ¥289 million [194.6%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2024	85.90	85.11	17.1	10.8	3.4
September 30, 2023	46.08	45.66	10.2	5.8	1.9

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended September 30, 2024: ¥– million
For the fiscal year ended September 30, 2023: ¥– million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	5,931	2,674	45.1	535.57
September 30, 2023	5,700	2,346	41.2	469.70

Reference: Equity
As of September 30, 2024: ¥2,674 million
As of September 30, 2023: ¥2,346 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	605	(53)	(420)	906
September 30, 2023	471	(35)	(373)	777

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2023	–	7.00	–	10.00	17.00	87	36.9	3.8
Fiscal year ended September 30, 2024	–	10.00	–	20.00	30.00	153	34.9	6.0
Fiscal year ending September 30, 2025 (Forecast)	–	15.00	–	15.00	30.00		33.0	

Note: The total cash dividends for the fiscal year ended September 30, 2023 include dividends of ¥2,135 thousand for shares of CSS Holdings, Ltd. (the "Company") held by the Board Benefit Trust.

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2025 (from October 1, 2024 to September 30, 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 March 31, 2025	9,700	6.2	404	(20.3)	409	(21.4)	265	(17.8)	53.23
Fiscal year ending September 30, 2025	19,018	7.9	600	0.7	613	(2.7)	453	5.8	90.86

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) 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

(3) Number of issued shares (common shares)

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

As of September 30, 2024	5,285,600 shares
As of September 30, 2023	5,285,600 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	291,008 shares
As of September 30, 2023	290,970 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended September 30, 2024	4,994,617 shares
Fiscal year ended September 30, 2023	4,994,630 shares

The number of treasury shares at the end of the period includes the shares of the Company held by the Board Benefit Trust (125,600 shares as of September 30, 2024, and 125,600 shares as of September 30, 2023). The Company's shares held by the Trust are included in the treasury shares deducted in the calculation of the average number of shares outstanding during the period (125,600 shares for the fiscal year ended September 30, 2024, and 125,600 shares for the fiscal year ended September 30, 2023).

* Financial results reports are exempt from audit 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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for the forecast of financial results and cautions concerning the use thereof, please refer to the section of "(4) Future outlook" of "1. Overview of operating results, etc." on page 4 of the attached material.

Attached Material

Index

1. Overview of operating results, etc. 2
(1) Overview of operating results for the fiscal year 2
(2) Overview of financial position for the fiscal year 3
(3) Overview of cash flows for the fiscal year 4
(4) Future outlook 4
2. Basic policy regarding the selection of accounting standards 5
3. Status of the corporate group 6
4. Consolidated financial statements and significant notes thereto 7
(1) Consolidated balance sheet 7
(2) Consolidated statement of income and consolidated statement of comprehensive income 9
Consolidated statement of income 9
Consolidated statement of comprehensive income 10
(3) Consolidated statement of changes in equity 11
(4) Consolidated statement of cash flows 13
(5) Notes to consolidated financial statements 15
Notes on going concern assumptions 15
Additional information 15
Notes on segment information, etc. 16
Per share information 21
Significant subsequent events 21

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year

During the fiscal year ended September 30, 2024, Japan's economy exhibited a moderate recovery trend, supported by an improving employment and income environment. On the other hand, the outlook remains uncertain due to a range of worrying factors, including the ongoing rise in prices for daily necessities, driven by the prolonged depreciation of the yen and higher raw material and energy costs, which have hindered the recovery in personal consumption, as well as increasing geopolitical risks in the unstable international situation.

The leisure, tourism, and food and beverage industries have seen significant market expansion due to several factors: the continued growth of new hotel openings; an overall increase in people engaging in leisure activities such as dining out, staying at lodging and hot spring facilities, and visiting amusement and theme parks; rising inbound tourism to Japan; and higher prices and per-customer spending.

Amid this environment, consolidated net sales, operating profit, ordinary profit, and profit attributable to owners of parent for the fiscal year ended September 30, 2024, were ¥17,631 million (up 18.9% year on year), ¥595 million (up 115.9% year on year), ¥630 million (up 100.9% year on year), and ¥429 million (up 86.4% year on year), respectively.

A summary of operating results by segment for the fiscal year ended September 30, 2024, is as follows.

Steward Business

This segment is the core of the Group's business, providing kitchen management and cleaning services, including dishwashing, to business customers that are mainly hotels and restaurants.

During the fiscal year ended September 30, 2024, the Group opened 19 new business locations. In the first half of the fiscal year, new openings were predominantly concentrated in eastern Japan, whereas in the second half, they were exclusively located in western Japan. The current fiscal year not only saw high operating rates but also involved a substantial workload due to the launch of new frontlines. While providing collaborative support across locations nationwide, particularly through experienced personnel, we simultaneously focused on training employees and part-time workers, whose numbers increased net by 845 over the year. This approach has laid a solid foundation for driving sales growth in the next fiscal year. In addition, we strengthened monitoring of the working environment and promptly shared and addressed incidents of injuries and accidents, thereby reinforcing efforts to prevent overexertion, inconsistencies, and lapses in focus that can result from increased operations.

Through connections established via the reusable container-sharing service, Re&Go, which was launched in the previous fiscal year, we had the opportunity to demonstrate our wine glass cleaning onsite at ProWine Tokyo 2024, a wine event held at Tokyo Big Sight. For employees who typically work backstage, working in the event venue where they are visible to visitors felt somewhat disconcerting. However, the unexpected positive feedback they received allowed them to take pride in their work.

Additionally, we proactively engaged in social initiatives, including the adoption of the BRING Material brand, which is authorized for use only on recycled materials, for our new uniform, and the Company president's delivery of SDGs lectures as part of the "Environment and Food" curriculum at Musashino Cooking College.

As a result, net sales reached a record high of ¥8,487 million (up 28.0% year on year) and operating profit was ¥538 million (up 110.6% year on year), with increases in both sales and profit.

Food Service Business

This segment comprises the food business, which is engaged in the operation of employee cafeterias and restaurants in hotels on a consignment basis nationwide.

In the fiscal year ended September 30, 2024, the growing demand for breakfast services for restaurants at accommodation-focused hotels continued to contribute to the increase in sales. Due to the impact of

sharp price increases of food ingredients and weak yen, the higher unit price per meal has also resulted in higher sales. The opening of new business locations led to the launch of 10 consignment-based operations over the year. Notably, two of these operations are in the life care field, including a nursing care facility, which serves as the third pillar of our recent business focus. New graduate hires have also been intensively placed in this field to increase the number of employees with specialized skills and knowledge on such field. We experienced a year marked by high expectations for market development in the next fiscal year. Furthermore, as a new initiative, we have launched lunch operations at the hotels where we provide consignment breakfast buffet services.

The industry-academia collaborative corporate project, in which we have been participating for some time with Osaka College of Agri Tech, Horti Tech and Food Tech, has reached a significant milestone. Galettes and scotch eggs made with meat-free soybean protein, selected from a range of product proposals, were served at “NAMBA RIBBON,” a restaurant operated by Sendan, Ltd.

As a result, net sales were ¥3,919 million (up 21.1% year on year) and operating profit was ¥104 million (up 20.2% year on year), with increases in both sales and profit.

Space Management Business

This segment includes providing design, construction/installation, sales, management, and maintenance related to video, audio, broadcasting, and security applications, as well as background music (BGM) and fragrances.

During the fiscal year ended September 30, 2024, steady growth in new installations and renewals of surveillance cameras-related equipment, as well as audio- and video equipment, continued to contribute to driving profits. The profit growth which has substantially outpaced sales growth compared to the previous fiscal year reflects the results and tangible benefits from strengthened cost awareness in recent years.

We understand that our recent initiatives have been strengthened in the areas of design and construction/installation. Key developments include the launch of the technology-integrated green wall “bio,” the announcement of our business alliance with ArtGreen Co.,Ltd., and the recognition of our achievements by ScentAir, an importer and distributor in the fragrance business. Additionally, “An Attempt to Address Social Issues Through the Power of ‘Art,’” a video art production presented by Toyo Media Links Corporation at STREAM Hall 2019, Tamagawa University, captured the attention of many stakeholders, directing focus to the further development of the attempt as a deeper solution to the issues through industry-academia collaboration. Onkyo Tokki Ltd has actively showcased its products at events nationwide, including Inter BEE 2023, the Professional Equipment Exhibition, and the Equipment Forum, generating interest in the innovative nature and diverse range of products it offers. Moreover, we have opened a multi-purpose showroom on the first floor of our headquarters, where we offer product training sessions for the latest brand equipment, along with trial listening and demonstration sessions for installation speakers, on demand.

As a result, net sales in this segment were ¥5,236 million (up 5.6% year on year) and operating profit was ¥224 million (up 81.1% year on year), with increases in both sales and profit.

(2) Overview of financial position for the fiscal year

A summary of assets, liabilities and net assets for the fiscal year ended September 30, 2024 is as follows.

Assets increased by ¥230 million compared to the end of the previous fiscal year to ¥5,931 million. As for the breakdown, current assets increased ¥178 million. This was mainly due to a ¥99 million increase in cash and deposits and a ¥96 million increase in notes and accounts receivable - trade, and contract assets. Non-current assets increased ¥52 million. This was mainly due to a ¥13 million increase in property, plant and equipment, an ¥8 million decrease in intangible assets, and a ¥57 million increase in deferred tax assets.

Liabilities decreased by ¥98 million compared to the end of the previous fiscal year to ¥3,256 million. As for the breakdown, current liabilities decreased ¥103 million. This was mainly due to a ¥300 million decrease in short-term borrowings, a ¥48 million decrease in notes and accounts payable - trade, an ¥83 million increase in accounts payable - other, and a ¥151 million increase in income taxes payable. Non-

current liabilities grew ¥4 million. This was mainly due to an ¥11 million decrease in lease liabilities and a ¥19 million increase in retirement benefit liability.

Net assets increased by ¥328 million compared to the end of the previous fiscal year to ¥2,674 million. This was mainly due to a ¥326 million increase in retained earnings.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents (hereinafter referred to as "cash") on a consolidated basis at the end of the fiscal year under review came to ¥906 million, an increase of ¥129 million compared with the end of the previous fiscal year.

A summary of cash flows and the reasons therefor for the fiscal year under review is as follows.

Cash inflow from operating activities came to ¥605 million due to profit before income taxes of ¥629 million, depreciation of ¥65 million, income taxes refund of ¥47 million, etc.

Cash outflow from investing activities amounted to ¥53 million due to proceeds from withdrawal of time deposits of ¥29 million, purchase of property, plant and equipment of ¥64 million, etc.

Cash outflow from financing activities came to ¥420 million due to a net decrease in short-term borrowings of ¥300 million, dividends paid of ¥101 million, etc.

Trends in cash flow indicators

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Equity-to-asset ratio (%)	45.9	45.2	42.6	41.2	45.1
Equity-to-asset ratio based on market value (%)	25.6	34.2	31.2	77.9	72.7
Ratio of interest-bearing debt to cash flows (times)	3.5	–	3.5	1.6	0.7
Interest coverage ratio (times)	28.4	–	36.6	58.5	69.4

Equity-to-asset ratio: equity / total assets

Equity-to-asset ratio based on market value: market capitalization / total assets

Ratio of interest-bearing debt to cash flows: interest-bearing debt / cash flows

Interest coverage ratio: cash flows / interest paid

Notes: 1. All the above indicators are calculated using consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury shares.
3. Operating cash flow is used for cash flow calculations.
4. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheet on which interest is paid.
5. Ratio of interest-bearing debt to cash flows (times) and interest coverage ratio (times) for the fiscal year ended September 30, 2021 are not shown due to negative operating cash flow.

(4) Future outlook

In the current fiscal year, the final year of the Medium-Term Management Plan, "Value Innovation 2024," which began in the fiscal year ended September 30, 2022, we have successfully fulfilled the goals of the plan with steady progress. We are currently developing the Medium-Term Management Plan, "Go Beyond! Next 20," which will establish the foundation for the next three years, with details to be disclosed soon.

Regarding the outlook for the future, we anticipate continued positive business development and earnings growth, even in a competitive environment, which is driven by a favorable business environment that supports demand for the services the Group provides across its key markets, including the hotel, restaurant, and tourism industries. At the same time, as the Group expands its business and

collaborates with an increasing number of employees, it aims to retain human resources and strengthen its organizational capabilities by making proactive investments in education, training, and capacity-building initiatives. Additionally, as part of our policy, we will engage with the work styles of frontline employees by actively budgeting for trends such as increases in social insurance, labor costs, and minimum wages, viewing these not as cost increases but as investments in securing the workforce.

We are fully committed to driving continuous growth in sales, profits, and dividends through making substantial investments in our employees and advancing investments to expand business value, while ensuring a balanced approach to shareholder returns.

Note that forecasts have been prepared based on currently available information and contain uncertainties. Therefore, actual results may differ from these forecasts due to changes in various factors, including the business environment.

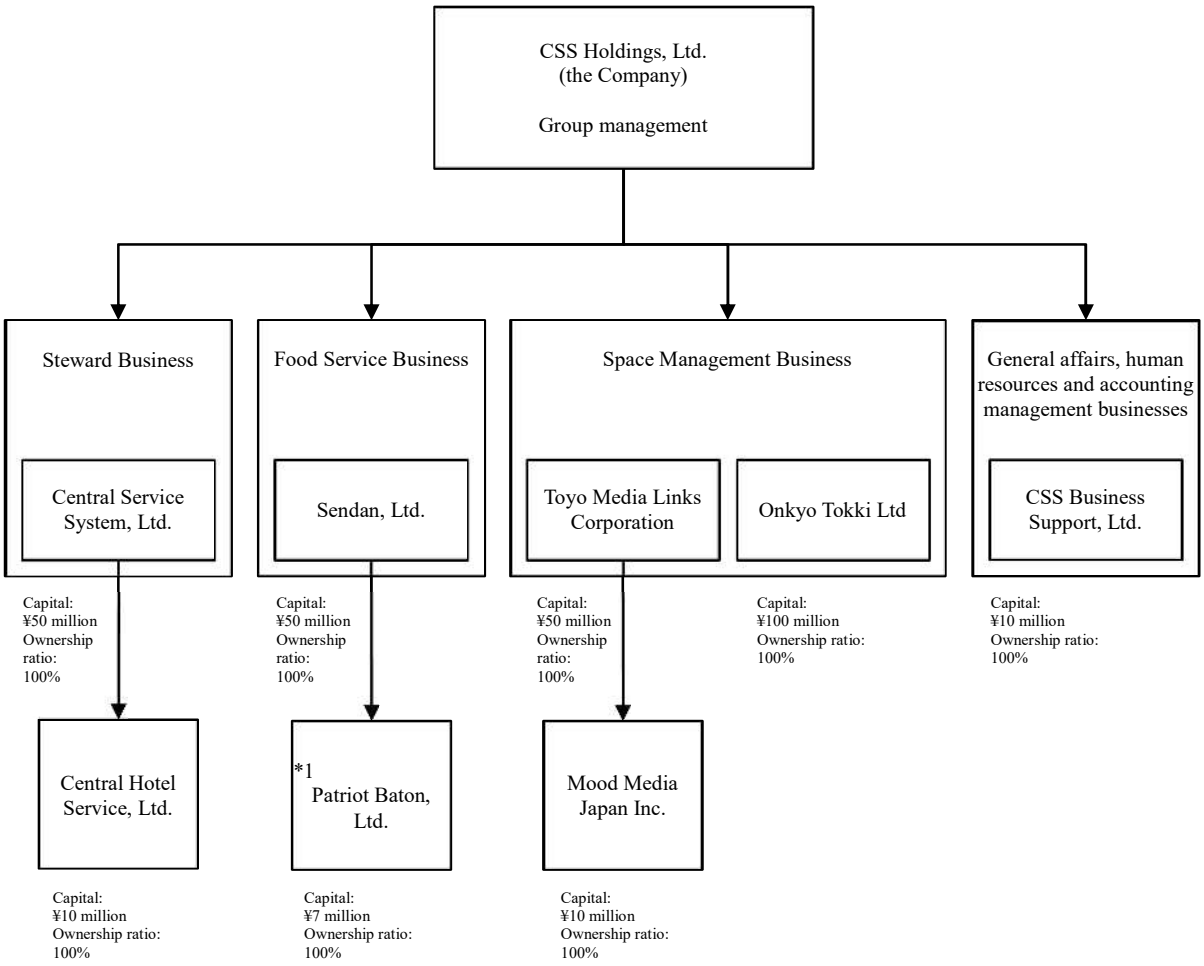
2. Basic policy regarding the selection of accounting standards

The Group's policy is to prepare consolidated financial statements under the Japanese GAAP for the time being, in light of period-to-period comparability and company-to-company comparability of consolidated financial statements.

Going forward, the Company intends to give due consideration to the application of International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas.

3. Status of the corporate group

The status of the Group as of September 30, 2024 is as follows.



Note: No symbol attached: Consolidated subsidiaries
*1 Unconsolidated subsidiary not accounted for using equity method

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	807,275	906,589
Notes and accounts receivable - trade, and contract assets	1,943,905	2,040,173
Merchandise and finished goods	562,614	545,094
Work in process	26,196	27,254
Raw materials and supplies	21,095	17,587
Short-term loans receivable	–	10,161
Accounts receivable - other	10,123	5,539
Income taxes refund receivable	36,188	–
Other	95,439	123,009
Allowance for doubtful accounts	(6,110)	(462)
Total current assets	3,496,728	3,674,946
Non-current assets		
Property, plant and equipment		
Buildings and structures	966,381	983,950
Accumulated depreciation	(576,897)	(604,923)
Buildings and structures, net	389,484	379,026
Land	951,628	951,628
Other	199,002	233,664
Accumulated depreciation	(167,604)	(178,684)
Other, net	31,398	54,979
Total property, plant and equipment	1,372,511	1,385,635
Intangible assets		
Goodwill	19,700	13,311
Other	60,416	58,570
Total intangible assets	80,117	71,881
Investments and other assets		
Investment securities	532,365	538,668
Deferred tax assets	47,107	104,920
Other	171,811	155,924
Allowance for doubtful accounts	(47)	(852)
Total investments and other assets	751,237	798,661
Total non-current assets	2,203,866	2,256,178
Total assets	5,700,595	5,931,124

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	538,792	490,732
Short-term borrowings	750,000	450,000
Lease liabilities	18,015	15,427
Accounts payable - other	751,586	835,075
Accrued consumption taxes	336,810	364,329
Income taxes payable	49,827	200,945
Provision for bonuses	141,566	124,966
Provision for bonuses for directors (and other officers)	–	11,866
Other	374,435	364,460
Total current liabilities	2,961,034	2,857,802
Non-current liabilities		
Lease liabilities	25,317	14,060
Deferred tax liabilities	7,827	7,141
Retirement benefit liability	324,906	344,792
Provision for share awards	3,394	3,394
Long-term accounts payable - other	22,777	20,377
Asset retirement obligations	8,038	8,101
Other	1,300	500
Total non-current liabilities	393,561	398,366
Total liabilities	3,354,595	3,256,169
Net assets		
Shareholders' equity		
Share capital	393,562	393,562
Capital surplus	279,271	279,271
Retained earnings	1,650,321	1,976,956
Treasury shares	(109,543)	(109,573)
Total shareholders' equity	2,213,612	2,540,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	132,387	134,738
Total accumulated other comprehensive income	132,387	134,738
Total net assets	2,346,000	2,674,954
Total liabilities and net assets	5,700,595	5,931,124

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales	14,832,568	17,631,382
Cost of sales	12,408,231	14,772,092
Gross profit	2,424,337	2,859,290
Selling, general and administrative expenses	2,148,303	2,263,323
Operating profit	276,033	595,967
Non-operating income		
Interest income	1,724	1,979
Dividend income	9,359	12,713
Rental income	10,961	10,011
Purchase discounts	7,423	9,178
Subsidies for employment adjustment	15,159	4,452
Foreign exchange gains	–	3,586
Other	14,490	6,198
Total non-operating income	59,119	48,120
Non-operating expenses		
Interest expenses	8,051	8,718
Commission expenses	2,120	1,979
Foreign exchange losses	2,941	–
Special incentives for employee stock ownership association	5,898	–
Other	2,356	3,130
Total non-operating expenses	21,368	13,827
Ordinary profit	313,784	630,260
Extraordinary income		
Gain on sale of non-current assets	16	150
Gain on sale of investment securities	73	–
Total extraordinary income	90	150
Extraordinary losses		
Loss on retirement of non-current assets	692	554
Loss on valuation of investment securities	75	–
Total extraordinary losses	767	554
Profit before income taxes	313,107	629,855
Income taxes - current	107,409	258,593
Income taxes - deferred	(24,464)	(57,777)
Total income taxes	82,944	200,816
Profit	230,162	429,039
Profit attributable to owners of parent	230,162	429,039

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	230,162	429,039
Other comprehensive income		
Valuation difference on available-for-sale securities	60,234	2,350
Deferred gains or losses on hedges	(668)	–
Total other comprehensive income	59,566	2,350
Comprehensive income	289,729	431,389
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	289,729	431,389
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated statement of changes in equity

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	393,562	279,271	1,532,804	(109,543)	2,096,094
Changes during period					
Dividends of surplus			(112,645)		(112,645)
Profit attributable to owners of parent			230,162		230,162
Net changes in items other than shareholders' equity					
Total changes during period	–	–	117,517	–	117,517
Balance at end of period	393,562	279,271	1,650,321	(109,543)	2,213,612

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of period	72,152	668	72,821	2,168,915
Changes during period				
Dividends of surplus				(112,645)
Profit attributable to owners of parent				230,162
Net changes in items other than shareholders' equity	60,234	(668)	59,566	59,566
Total changes during period	60,234	(668)	59,566	177,084
Balance at end of period	132,387	–	132,387	2,346,000

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	393,562	279,271	1,650,321	(109,543)	2,213,612
Changes during period					
Dividends of surplus			(102,404)		(102,404)
Profit attributable to owners of parent			429,039		429,039
Purchase of treasury shares				(30)	(30)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	326,634	(30)	326,604
Balance at end of period	393,562	279,271	1,976,956	(109,573)	2,540,216

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	132,387	132,387	2,346,000
Changes during period			
Dividends of surplus			(102,404)
Profit attributable to owners of parent			429,039
Purchase of treasury shares			(30)
Net changes in items other than shareholders' equity	2,350	2,350	2,350
Total changes during period	2,350	2,350	328,954
Balance at end of period	134,738	134,738	2,674,954

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	313,107	629,855
Depreciation	62,696	65,682
Loss on retirement of non-current assets	692	554
Loss (gain) on sale of non-current assets	(16)	(150)
Amortization of goodwill	6,389	6,389
Loss (gain) on valuation of investment securities	75	–
Increase (decrease) in allowance for doubtful accounts	1,414	(4,843)
Increase (decrease) in retirement benefit liability	18,246	19,886
Increase (decrease) in provision for bonuses	(5,937)	(16,600)
Interest and dividend income	(11,084)	(14,693)
Interest expenses	8,051	8,718
Foreign exchange losses (gains)	(1,431)	2,055
Commission expenses	2,120	1,979
Subsidy income	(15,159)	(4,452)
Special incentives for employee stock ownership association	5,898	–
Decrease (increase) in trade receivables	(437,008)	(96,268)
Decrease (increase) in inventories	(49,437)	19,970
Increase (decrease) in trade payables	108,965	(48,059)
Increase (decrease) in accounts payable - other	199,100	89,358
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	128,928	27,518
Increase (decrease) in accrued expenses	136,761	14,154
Other, net	51,007	(36,363)
Subtotal	523,381	664,692
Interest and dividends received	10,806	14,407
Interest paid	(8,194)	(8,858)
Subsidies received	15,159	4,452
Payments of special incentives for employee stock ownership association	(5,898)	–
Income taxes paid	(110,206)	(117,070)
Income taxes refund	46,096	47,693
Net cash provided by (used in) operating activities	471,144	605,316
Cash flows from investing activities		
Payments into time deposits	(29,916)	–
Proceeds from withdrawal of time deposits	–	29,916
Purchase of investment securities	(5,890)	(4,385)
Proceeds from sale and redemption of investment securities	15,000	–
Proceeds from divestments	6,120	–
Purchase of property, plant and equipment	(21,714)	(64,429)
Proceeds from sale of property, plant and equipment	16	178
Purchase of intangible assets	(5,967)	(21,640)
Payments of guarantee deposits	(8,202)	(1,904)
Proceeds from refund of guarantee deposits	4,898	12,633
Proceeds from cancellation of insurance funds	13,156	10,046
Short-term loan advances	–	(10,000)
Other, net	(3,110)	(4,281)
Net cash provided by (used in) investing activities	(35,609)	(53,867)

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300,000	(300,000)
Repayments of long-term borrowings	(539,182)	–
Repayments of lease liabilities	(22,029)	(18,423)
Dividends paid	(112,311)	(101,740)
Net cash provided by (used in) financing activities	(373,522)	(420,164)
Effect of exchange rate change on cash and cash equivalents	1,431	(2,055)
Net increase (decrease) in cash and cash equivalents	63,442	129,229
Cash and cash equivalents at beginning of period	713,916	777,359
Cash and cash equivalents at end of period	777,359	906,589

(5) Notes to consolidated financial statements

Notes on going concern assumptions

Not applicable.

Additional information

Board Benefit Trust

The Company has introduced a performance-based stock compensation plan, the Board Benefit Trust (BBT) for the purpose of contributing to enhancing medium- to long-term business performance and corporate value by further clarifying the link between the compensation of its Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers, as well as Directors and Executive Officers of its Group companies (hereinafter collectively referred to as "Eligible Officers") and the Company's business performance and equity value, while also increasing the awareness and sensitivity of Eligible Officers to the Company's share price.

(1) Overview of transaction

The plan is a performance-based stock compensation plan under which the Company's shares are acquired through a trust with the source of funds consisting of money contributed by the Company, and the Company's shares are provided to Eligible Officers based on their performance through the trust, in accordance with the Stock Benefit Regulations for Officers as prescribed by the Company and its Group companies. Eligible Officers shall, in principle, receive the Company's shares upon their retirement.

(2) Accounting treatment

The Company has applied the gross method for the Board Benefit Trust (BBT) in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, March 26, 2015).

(3) Treasury shares held by the trust

The Company's shares held by the Board Benefit Trust as of the end of the fiscal year under review are presented as treasury shares under net assets on the consolidated balance sheet, and the book value of such treasury shares was ¥52,500 thousand and the number of shares was 125,600 shares. (At the end of the previous fiscal year, the book value was ¥52,500 thousand and the number of shares was 125,600 shares.)

Notes on segment information, etc.

Segment information

1. Overview of reportable segments

   The Company's reportable segments are components of the Company for which discrete financial information is available and that are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess their performance.

   The Group is composed of the Company as a holding company and its associates as operating companies, with each operating company developing its own business.

   The Group is organized into three reportable segments: the Steward Business, comprising Central Service System, Ltd.; the Food Service Business, comprising Sendan, Ltd. (comprehensive meal services); and the Space Management Business, comprising Toyo Media Links Corporation (sales and construction/installation of video and audio equipment, etc.), Onkyo Tokki Ltd (sales of audio and broadcasting equipment, etc.), and Mood Media Japan Inc. (delivery of music solutions).

   The Steward Business provides services, including dishwashing (management), pot cleaning, cooking assistance, waste collection and transportation, and kitchen cleaning, primarily for hotels, restaurants, and halls.

   The Food Service Business provides meal management services for employee cafeterias, dormitories, recreational facilities, and other welfare facilities at companies and hotels, as well as for incorporated educational institutions and social welfare corporations.

   The Space Management Business provides planning and proposals for BGM production and peripheral equipment, imports and wholesales professional audio equipment, etc., and undertakes the construction/installation, management, and maintenance of systems spanning audio, video, lighting, security such as surveillance cameras, and communications.

2. Method of calculation of sales, profit (loss), assets, liabilities, and other items for each reportable segment

   The accounting method for reportable business segments is generally the same as the method described in "Significant matters forming the basis for preparation of consolidated financial statements." The profit of the reportable segments is based on operating profit. Intersegment revenue or transfers are based on actual market price.

3. Disclosure of sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Steward Business	Food Service Business	Space Management Business	Total				
Net sales								
Sales to external customers	6,631,140	3,236,007	4,954,070	14,821,218	11,350	14,832,568	–	14,832,568
Intersegment sales or transfers	1,560	349	4,339	6,249	310,312	316,561	(316,561)	–
Total	6,632,700	3,236,357	4,958,410	14,827,468	321,662	15,149,130	(316,561)	14,832,568
Segment profit (loss)	255,906	87,105	123,827	466,839	(238)	466,600	(190,566)	276,033
Segment assets	2,104,066	674,525	2,733,376	5,511,968	199,431	5,711,399	(10,804)	5,700,595
Segment liabilities	1,219,750	534,349	1,195,266	2,949,366	74,316	3,023,683	330,912	3,354,595
Other items								
Depreciation	2,993	3,199	23,345	29,537	8,256	37,794	24,902	62,696
Amortization of goodwill	–	–	6,389	6,389	–	6,389	–	6,389
Balance of goodwill at end of period	–	–	19,700	19,700	–	19,700	–	19,700
Increase in property, plant and equipment and intangible assets	6,726	3,851	24,263	34,841	–	34,841	–	34,841

Notes: 1. The “Other” classification is a segment for business that is not included in the reportable segments and includes general affairs, human resources and accounting management businesses, etc.

2. Adjustments of segment profit (loss) include company-wide profit and elimination of intersegment transactions, etc.

Adjustments of segment assets and segment liabilities include company-wide assets and liabilities that are not allocated to any of the reportable segments and elimination of intersegment transactions, etc. Company-wide assets primarily consist of cash and deposits, investment securities, and company-wide shared equipment of the Company. Company-wide liabilities primarily consist of borrowings of the Company.

Adjustments of depreciation primarily consist of depreciation of company-wide shared equipment.

Adjustments of increase in property, plant and equipment and intangible assets primarily consist of investment in company-wide shared equipment.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements
	Steward Business	Food Service Business	Space Management Business	Total				
Net sales								
Sales to external customers	8,476,981	3,917,922	5,225,868	17,620,772	10,610	17,631,382	–	17,631,382
Intersegment sales or transfers	10,107	1,350	10,590	22,047	310,400	332,447	(332,447)	–
Total	8,487,088	3,919,272	5,236,458	17,642,820	321,010	17,963,830	(332,447)	17,631,382
Segment profit	538,846	104,668	224,283	867,798	22,227	890,025	(294,058)	595,967
Segment assets	2,473,148	714,074	2,786,158	5,973,380	205,040	6,178,421	(247,296)	5,931,124
Segment liabilities	1,423,260	549,304	1,202,843	3,175,408	63,859	3,239,268	16,901	3,256,169
Other items								
Depreciation	3,278	3,910	29,531	36,720	7,051	43,771	21,910	65,682
Amortization of goodwill	–	–	6,389	6,389	–	6,389	–	6,389
Balance of goodwill at end of period	–	–	13,311	13,311	–	13,311	–	13,311
Increase in property, plant and equipment and intangible assets	7,570	4,429	49,986	61,986	15,350	77,336	2,460	79,797

Notes: 1. The “Other” classification is a segment for business that is not included in the reportable segments and includes general affairs, human resources and accounting management businesses, etc.

2. Adjustments of segment profit include company-wide profit and elimination of intersegment transactions, etc.

Adjustments of segment assets and segment liabilities include company-wide assets and liabilities that are not allocated to any of the reportable segments and elimination of intersegment transactions, etc. Company-wide assets primarily consist of cash and deposits, investment securities, and company-wide shared equipment of the Company. Company-wide liabilities primarily consist of borrowings of the Company.

Adjustments of depreciation primarily consist of depreciation of company-wide shared equipment.

Adjustments of increase in property, plant and equipment and intangible assets primarily consist of investment in company-wide shared equipment.

3. Segment profit is adjusted with operating profit in the consolidated statement of income.

Related information

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

1. Information for each product or service

   The information is omitted because the same information is disclosed in “Segment information.”

2. Information for each region

   (1) Net sales

   The information is omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

   (2) Property, plant and equipment

   The information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information for each of main customers

   The information is omitted because there is no customer accounting for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

1. Information for each product or service

   The information is omitted because the same information is disclosed in “Segment information.”

2. Information for each region

   (1) Net sales

   The information is omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

   (2) Property, plant and equipment

   The information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information for each of main customers

   The information is omitted because there is no customer accounting for 10% or more of net sales in the consolidated statement of income.

Disclosure of impairment losses on non-current assets for each reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

Significant impairment losses on non-current assets

Not applicable.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

Significant impairment losses on non-current assets

Not applicable.

Disclosure of amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

The information is omitted because the same information is disclosed in “Segment information.”

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

The information is omitted because the same information is disclosed in “Segment information.”

Disclosure of gain on bargain purchase for each reportable segment

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

Not applicable.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

Not applicable.

Per share information

(Yen)

	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Net assets per share	469.70	535.57
Basic earnings per share	46.08	85.90
Diluted earnings per share	45.66	85.11

Notes: 1. For the purpose of calculating "net assets per share," the number of the Company's shares held by the Board Benefit Trust was included in the number of treasury shares of common shares at the end of the period. In addition, for the purpose of calculating "basic earnings per share" and "diluted earnings per share," the number of the Company's shares held by the trust was also included in the number of treasury shares, which was deducted from the calculation of the average number of shares outstanding during the period.

The number of the Company's shares held by the trust as of September 30, 2024 was 125,600 shares and the average number of shares outstanding during the period was 125,600 shares. (As of September 30, 2023, the number of shares held was 125,600 shares and the average number of shares outstanding during the period was 125,600 shares.)

2. The basis for calculations of basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	230,162	429,039
Amount not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Thousands of yen)	230,162	429,039
Average number of shares outstanding during the period (Shares)	4,994,630	4,994,617
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Thousands of yen)	–	–
Number of common shares increased (Shares)	46,300	46,300
[Of the above, share acquisition rights]	[46,300]	[46,300]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	–	–

Significant subsequent events

Not applicable.