Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 13, 2024

Company name: Innovation Holdings CO.,LTD.
Stock exchange listing: Tokyo
Stock code: 3484 URL https://www.ihd.co.jp
Representative: President Yasuo Hara
Inquiries: Senior Managing Director Yohei Shimura TEL 03-6274-8733
Scheduled date to file Semi-annual Securities Report: November 13, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 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	%
Six months ended September 30, 2024	8,288	16.8	684	30.1	698	24.9	469	23.2
Six months ended September 30, 2023	7,098	16.3	525	(5.3)	558	(3.9)	381	(4.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	28.00	–
Six months ended September 30, 2023	22.64	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	14,157	3,456	24.4
As of March 31, 2024	13,697	3,324	24.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	0.00	–	20.00	20.00
Year ending March 31, 2025	–	0.00			
Year ending March 31, 2025 (Forecast)			–	21.00	21.00

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from 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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,657	16.8	1,228	26.1	1,250	23.6	832	24.9	49.42

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: Yes

(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 September 30, 2024	17,674,400 shares	As of March 31, 2024	17,674,400 shares

Number of treasury shares at the end of the period

As of September 30, 2024	900,608 shares	As of March 31, 2024	900,608 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	16,773,792 shares	Six months ended September 30, 2023	16,844,848 shares

Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	3,331,233	3,461,414
Real estate for sale	823,765	892,178
Prepaid expenses	1,195,477	1,218,081
Other	129,281	216,198
Total current assets	5,479,757	5,787,873
Non-current assets		
Property, plant and equipment	676,760	653,973
Intangible assets	31,165	35,269
Investments and other assets		
Guarantee deposits	6,841,860	7,004,286
Other	667,767	676,407
Total investments and other assets	7,509,628	7,680,694
Total non-current assets	8,217,554	8,369,937
Total assets	13,697,311	14,157,811
Liabilities		
Current liabilities		
Income taxes payable	162,074	238,939
Provision for bonuses	39,453	56,872
Unearned revenue	1,515,682	1,590,268
Other	674,587	648,549
Total current liabilities	2,391,797	2,534,630
Non-current liabilities		
Retirement benefit liability	37,000	43,500
Guarantee deposits received	7,506,961	7,648,052
Other	437,509	475,162
Total non-current liabilities	7,981,471	8,166,714
Total liabilities	10,373,269	10,701,345
Net assets		
Shareholders' equity		
Share capital	308,394	308,394
Capital surplus	539,930	539,930
Retained earnings	3,547,222	3,681,563
Treasury shares	(1,078,830)	(1,078,830)
Total shareholders' equity	3,316,717	3,451,057
Share acquisition rights	2,358	2,358
Non-controlling interests	4,967	3,050
Total net assets	3,324,042	3,456,466
Total liabilities and net assets	13,697,311	14,157,811

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	7,098,645	8,288,603
Cost of sales	5,831,596	6,744,614
Gross profit	1,267,049	1,543,988
Selling, general and administrative expenses	741,242	859,828
Operating profit	525,806	684,159
Non-operating income		
Penalty income	17,652	15,285
Compensation income	28,097	5,799
Litigation related revenue	20	2,642
Other	218	140
Total non-operating income	45,988	23,867
Non-operating expenses		
Compensation expenses	5,298	7,219
Non-deductible consumption tax	5,355	2,717
Other	2,149	–
Total non-operating expenses	12,803	9,937
Ordinary profit	558,991	698,089
Profit before income taxes	558,991	698,089
Income taxes	177,600	230,190
Profit	381,391	467,899
Loss attributable to non-controlling interests	–	(1,916)
Profit attributable to owners of parent	381,391	469,815

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	381,391	467,899
Comprehensive income	381,391	467,899
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	381,391	469,815
Comprehensive income attributable to non-controlling interests	–	(1,916)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	558,991	698,089
Depreciation	20,889	27,395
Increase (decrease) in provision for bonuses	(15,061)	17,418
Increase (decrease) in retirement benefit liability	8,500	6,500
Decrease (increase) in prepaid expenses	(41,921)	(22,604)
Decrease (increase) in guarantee deposits	(249,245)	(162,426)
Increase (decrease) in unearned revenue	114,882	74,586
Increase (decrease) in guarantee deposits received	301,687	141,090
Decrease (increase) in real estate for sale	(35,334)	(68,413)
Other, net	(81,802)	(94,437)
Subtotal	581,585	617,199
Income taxes paid	(248,674)	(147,347)
Other, net	2	63
Net cash provided by (used in) operating activities	332,913	469,914
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,320)	(3,958)
Purchase of intangible assets	(13,189)	(300)
Net cash provided by (used in) investing activities	(24,509)	(4,258)
Cash flows from financing activities		
Dividends paid	(272,380)	(335,475)
Purchase of treasury shares	(272,275)	–
Net cash provided by (used in) financing activities	(544,656)	(335,475)
Net increase (decrease) in cash and cash equivalents	(236,252)	130,181
Cash and cash equivalents at beginning of period	3,501,245	3,331,233
Cash and cash equivalents at end of period	3,264,992	3,461,414