Translation

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# Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 9, 2024

Company name: MIGALO HOLDINGS Inc.
Stock exchange listing: Tokyo
Stock code: 5535 URL https://www.migalo.co.jp/
Representative: CEO Sei Nakanishi
Inquiries: CFO Koji Iwase TEL 03-6302-3627
Scheduled date of ordinary general meeting of shareholders: June 25, 2024
Scheduled date to file Securities Report: June 25, 2024
Scheduled date to commence dividend payments: June 26, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors, analysts and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 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 | % |
| Year ended March 31, 2024 | 42,672 | – | 2,500 | – | 2,042 | – | 1,112 | – |
| Year ended March 31, 2023 | – | – | – | – | – | – | – | – |

| | Earnings per share | Diluted earnings per share | Profit attributable to owners of parent/equity | Ordinary profit/total assets | Operating profit/net sales |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2024 | 153.00 | 152.69 | 11.2 | 4.4 | 5.9 |
| Year ended March 31, 2023 | – | – | – | – | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2024 | 48,446 | 10,456 | 21.4 | 1,418.57 |
| As of March 31, 2023 | – | – | – | – |

(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 |
|---|---|---|---|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2024 | (691) | (359) | 3,130 | 8,888 |
| Year ended March 31, 2023 | – | – | – | – |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2023 | – | – | – | – | – | – | – | – |
| Year ended March 31, 2024 | – | – | – | 45.00 | 45.00 | 328 | 29.4 | 3.2 |
| Year ending March 31, 2025 (Forecast) | – | 10.00 | – | 14.00 | 24.00 | | 28.0 | |

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 | 50,000 | 17.2 | 2,600 | 4.0 | 2,100 | 2.8 | 1,250 | 12.3 | 85.65 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(2) 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 |

(3) Number of issued shares (common shares)

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

| | | | |
|---|---|---|---|
| As of March 31, 2024 | 7,338,000 shares | As of March 31, 2023 | – shares |

Number of treasury shares at the end of the period

| | | | |
|---|---|---|---|
| As of March 31, 2024 | 41,277 shares | As of March 31, 2023 | – shares |

Average number of shares during the period

| | | | |
|---|---|---|---|
| Year ended March 31, 2024 | 7,274,422 shares | Year ended March 31, 2023 | – shares |

## Consolidated financial statements
### Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2024 |
|---|---|
| Assets | |
| Current assets | |
| Cash and deposits | 8,898,146 |
| Accounts receivable - trade | 510,275 |
| Inventories | 36,330,489 |
| Advance payments to suppliers | 443,654 |
| Prepaid expenses | 152,800 |
| Other | 89,834 |
| Allowance for doubtful accounts | (1,703) |
| Total current assets | 46,423,497 |
| Non-current assets | |
| Property, plant and equipment | |
| Buildings, net | 100,290 |
| Structures, net | 5,907 |
| Vehicles, net | 0 |
| Tools, furniture and fixtures, net | 25,311 |
| Land | 22,062 |
| Total property, plant and equipment | 153,571 |
| Intangible assets | |
| Goodwill | 605,927 |
| Software | 177,363 |
| Other | 25,397 |
| Total intangible assets | 808,688 |
| Investments and other assets | |
| Investment securities | 468,493 |
| Deferred tax assets | 366,032 |
| Other | 365,144 |
| Allowance for doubtful accounts | (138,936) |
| Total investments and other assets | 1,060,734 |
| Total non-current assets | 2,022,995 |
| Total assets | 48,446,492 |

(Thousands of yen)

| | As of March 31, 2024 |
|---|---|
| Liabilities | |
| Current liabilities | |
| Accounts payable - trade | 1,947,673 |
| Short-term borrowings | 9,719,246 |
| Current portion of bonds payable | 68,000 |
| Current portion of long-term borrowings | 8,092,321 |
| Accounts payable - other | 254,450 |
| Accrued expenses | 488,248 |
| Income taxes payable | 326,167 |
| Accrued consumption taxes | 394,531 |
| Deposits received | 1,066,133 |
| Provision for bonuses | 74,882 |
| Provision for bonuses for directors (and other officers) | 67,000 |
| Provision for costs after sales | 140,783 |
| Other | 523,044 |
| Total current liabilities | 23,162,482 |
| Non-current liabilities | |
| Bonds payable | 734,000 |
| Long-term borrowings | 13,788,234 |
| Deferred tax liabilities | 50,967 |
| Other | 254,680 |
| Total non-current liabilities | 14,827,881 |
| Total liabilities | 37,990,364 |
| Net assets | |
| Shareholders' equity | |
| Share capital | 73,431 |
| Capital surplus | 1,098,456 |
| Retained earnings | 9,108,681 |
| Treasury shares | (48,732) |
| Total shareholders' equity | 10,231,837 |
| Accumulated other comprehensive income | |
| Valuation difference on available-for-sale securities | 119,093 |
| Total accumulated other comprehensive income | 119,093 |
| Share acquisition rights | 6,147 |
| Non-controlling interests | 99,049 |
| Total net assets | 10,456,128 |
| Total liabilities and net assets | 48,446,492 |

**Consolidated statements of income and consolidated statements of comprehensive income**
**Consolidated statements of income**

(Thousands of yen)

| | Fiscal year ended March 31, 2024 |
|---|---|
| Net sales | 42,672,075 |
| Cost of sales | 35,593,574 |
| Gross profit | 7,078,501 |
| Selling, general and administrative expenses | 4,578,318 |
| Operating profit | 2,500,182 |
| Non-operating income | |
| Interest income | 119 |
| Dividend income | 5,604 |
| Penalty income | 3,950 |
| Insurance fee income | 2,792 |
| Other | 8,683 |
| Total non-operating income | 21,149 |
| Non-operating expenses | |
| Interest expenses | 322,004 |
| Commission expenses | 130,216 |
| Other | 27,094 |
| Total non-operating expenses | 479,314 |
| Ordinary profit | 2,042,017 |
| Extraordinary losses | |
| Amortization of goodwill | 19,074 |
| Loss on valuation of investment securities | 112,536 |
| Total extraordinary losses | 131,610 |
| Profit before income taxes | 1,910,407 |
| Income taxes - current | 792,405 |
| Income taxes - deferred | (4,993) |
| Total income taxes | 787,411 |
| Profit | 1,122,995 |
| Profit attributable to non-controlling interests | 10,002 |
| Profit attributable to owners of parent | 1,112,993 |

**Consolidated statements of comprehensive income**

(Thousands of yen)

| | Fiscal year ended March 31, 2024 |
|---|---|
| Profit | 1,122,995 |
| Other comprehensive income | |
| Valuation difference on available-for-sale securities | 39,341 |
| Total other comprehensive income | 39,341 |
| Comprehensive income | 1,162,337 |
| Comprehensive income attributable to | |
| Comprehensive income attributable to owners of parent | 1,152,335 |
| Comprehensive income attributable to non-controlling interests | 10,002 |

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2024

(Thousands of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 617,249 | 535,927 | 8,286,477 | (48,732) | 9,390,922 | 79,752 | 79,752 | 7,568 | 93,906 | 9,572,150 |
| Changes during period | | | | | | | | | | |
| Changes by share transfer | (548,734) | 548,734 | | | – | | | | | – |
| Issuance of new shares - exercise of share acquisition rights | 4,916 | 4,916 | | | 9,833 | | | | | 9,833 |
| Dividends of surplus | | | (290,788) | | (290,788) | | | | | (290,788) |
| Profit attributable to owners of parent | | | 1,112,993 | | 1,112,993 | | | | | 1,112,993 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 8,877 | | | 8,877 | | | | | 8,877 |
| Net changes in items other than shareholders' equity | | | | | – | 39,341 | 39,341 | (1,421) | 5,142 | 43,063 |
| Total changes during period | (543,817) | 562,529 | 822,204 | – | 840,915 | 39,341 | 39,341 | (1,421) | 5,142 | 883,978 |
| Balance at end of period | 73,431 | 1,098,456 | 9,108,681 | (48,732) | 10,231,837 | 119,093 | 119,093 | 6,147 | 99,049 | 10,456,128 |

**Consolidated statements of cash flows**

(Thousands of yen)

| | Fiscal year ended March 31, 2024 |
|---|---|
| Cash flows from operating activities | |
| Profit before income taxes | 1,910,407 |
| Depreciation | 105,209 |
| Share-based payment expenses | (637) |
| Amortization of lease deposits | 6,727 |
| Amortization of long-term prepaid expenses | 6,206 |
| Increase (decrease) in allowance for doubtful accounts | (2,116) |
| Increase (decrease) in provision for bonuses | 5,387 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (3,500) |
| Increase (decrease) in provision for costs after sales | 53,977 |
| Interest income | (119) |
| Interest expenses | 322,004 |
| Commission expenses | 130,216 |
| Decrease (increase) in trade receivables | (152,943) |
| Decrease (increase) in inventories | (2,398,731) |
| Loss (gain) on valuation of investment securities | 125,936 |
| Decrease (increase) in advance payments to suppliers | (174,709) |
| Increase (decrease) in trade payables | (231,676) |
| Other, net | 1,315,689 |
| Subtotal | 1,017,328 |
| Interest received | 119 |
| Interest paid | (314,539) |
| Amount of payment of commission | (130,216) |
| Income taxes paid | (1,263,919) |
| Net cash provided by (used in) operating activities | (691,226) |

(Thousands of yen)

| | Fiscal year ended March 31, 2024 |
|---|---|
| Cash flows from investing activities | |
| Purchase of property, plant and equipment | (3,982) |
| Purchase of intangible assets | (47,783) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (266,304) |
| Other, net | (41,837) |
| Net cash provided by (used in) investing activities | (359,908) |
| Cash flows from financing activities | |
| Net increase (decrease) in short-term borrowings | (114,484) |
| Proceeds from long-term borrowings | 12,621,800 |
| Repayments of long-term borrowings | (9,027,301) |
| Redemption of bonds | (68,000) |
| Proceeds from issuance of shares | 9,049 |
| Dividends paid | (290,788) |
| Net cash provided by (used in) financing activities | 3,130,275 |
| Net increase (decrease) in cash and cash equivalents | 2,079,140 |
| Cash and cash equivalents at beginning of period | 6,809,005 |
| Cash and cash equivalents at end of period | 8,888,146 |