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July 12, 2024

## Consolidated Financial Results for the Nine Months Ended May 31, 2024 (Under Japanese GAAP)

Company name: Goodpatch Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 7351  
 URL: <https://goodpatch.com/>  
 Representative: Naofumi Tsuchiya, Chief Executive Officer  
 Inquiries: Toshiyuki Makishima, Director and Executive Officer, CFO  
 Telephone: +81-03-6416-9238  
 Scheduled date to file quarterly securities report: July 12, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes

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

### 1. Consolidated financial results for the nine months ended May 31, 2024 (from September 1, 2023 to May 31, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

|                   | Net sales       |     | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|-------------------|-----------------|-----|------------------|--------|-----------------|--------|-----------------------------------------|--------|
| Nine months ended | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      |
| May 31, 2024      | 3,000           | 4.5 | 35               | (86.6) | 41              | (84.0) | 11                                      | (94.0) |
| May 31, 2023      | 2,869           | 2.2 | 264              | (30.9) | 262             | (31.2) | 186                                     | (17.7) |

Note: Comprehensive income For the nine months ended May 31, 2024: ¥ 13 million [(92.8) %]  
 For the nine months ended May 31, 2023: ¥ 185 million [(19.6) %]

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Nine months ended | Yen                      | Yen                        |
| May 31, 2024      | 1.22                     | 1.21                       |
| May 31, 2023      | 22.00                    | 21.59                      |

#### (2) Consolidated financial position

|                 | Total assets    | Net assets      | Equity-to-asset ratio |
|-----------------|-----------------|-----------------|-----------------------|
| As of           | Millions of yen | Millions of yen | %                     |
| May 31, 2024    | 4,649           | 3,870           | 82.8                  |
| August 31, 2023 | 4,671           | 3,943           | 84.1                  |

Reference: Equity  
 As of May 31, 2024: ¥ 3,850 million  
 As of August 31, 2023: ¥ 3,929 million

## 2. Cash dividends

|                                               | Annual dividends per share |                    |                   |                 |       |
|-----------------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
|                                               | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
|                                               | Yen                        | Yen                | Yen               | Yen             | Yen   |
| Fiscal year ended August 31, 2023             | —                          | 0.00               | —                 | 0.00            | 0.00  |
| Fiscal year ending August 31, 2024            | —                          | 0.00               |                   |                 |       |
| Fiscal year ending August 31, 2024 (Forecast) |                            |                    | —                 | 0.00            | 0.00  |

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

(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 | 3,946           | 0.4 | 26               | (91.3) | 36              | (88.0) | 1                                       | (99.5) | 0.11               |

Note: Revisions to the financial results forecast most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: —

Excluded: —

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) 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

- (4) Number of issued shares (common shares)

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

|                       |                  |
|-----------------------|------------------|
| As of May 31, 2024    | 9,196,980 shares |
| As of August 31, 2023 | 9,150,380 shares |

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

|                       |                |
|-----------------------|----------------|
| As of May 31, 2024    | 174,205 shares |
| As of August 31, 2023 | 1,261 shares   |

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

|                                |                  |
|--------------------------------|------------------|
| Nine months ended May 31, 2024 | 9,100,021 shares |
| Nine months ended May 31, 2023 | 8,488,286 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 the financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to achieve the stated performance. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousands of yen)

|                                                 | As of August 31, 2023 | As of May 31, 2024 |
|-------------------------------------------------|-----------------------|--------------------|
| <b>Assets</b>                                   |                       |                    |
| Current assets                                  |                       |                    |
| Cash and deposits                               | 3,273,786             | 3,343,191          |
| Accounts receivable - trade and contract assets | 455,680               | 322,372            |
| Work in process                                 | 11,430                | 4,320              |
| Prepaid expenses                                | 49,252                | 72,017             |
| Income taxes refund receivable                  | -                     | 48,044             |
| Other                                           | 9,689                 | 6,405              |
| Total current assets                            | 3,799,840             | 3,796,351          |
| Non-current assets                              |                       |                    |
| Property, plant and equipment                   |                       |                    |
| Buildings                                       | 68,769                | 75,179             |
| Accumulated depreciation                        | △31,972               | △35,748            |
| Buildings, net                                  | 36,796                | 39,430             |
| Tools, furniture and fixtures                   | 77,377                | 83,723             |
| Accumulated depreciation                        | △67,414               | △72,224            |
| Tools, furniture and fixtures, net              | 9,963                 | 11,499             |
| Total Property, plant and equipment             | 46,760                | 50,930             |
| Intangible assets                               |                       |                    |
| Trademark right                                 | 1,738                 | 1,554              |
| Goodwill                                        | 476,005               | 428,404            |
| Customer-related intangible assets              | 61,666                | 55,500             |
| Other                                           | 48                    | 12                 |
| Total Intangible assets                         | 539,458               | 485,471            |
| Investments and other assets                    |                       |                    |
| Investment securities                           | 145,561               | 199,633            |
| Leasehold and guarantee deposits                | 23,299                | 22,922             |
| Deferred tax assets                             | 94,629                | 71,744             |
| Other                                           | 22,000                | 22,648             |
| Total Investments and other assets              | 285,490               | 316,948            |
| Total non-current assets                        | 871,709               | 853,350            |
| Total assets                                    | 4,671,549             | 4,649,702          |

(Thousands of yen)

|                                                       | As of August 31, 2023 | As of May 31, 2024 |
|-------------------------------------------------------|-----------------------|--------------------|
| <b>Liabilities</b>                                    |                       |                    |
| Current liabilities                                   |                       |                    |
| Accounts payable - trade                              | 71,414                | 43,299             |
| Current portion of long-term borrowings               | 106,488               | 169,706            |
| Accounts payable - other                              | 132,915               | 85,302             |
| Accrued expenses                                      | 62,814                | 38,466             |
| Income taxes payable                                  | 88,952                | -                  |
| Accrued consumption taxes                             | 53,233                | 38,647             |
| Contract liabilities                                  | 60,988                | 61,538             |
| Provision for bonuses                                 | -                     | 2,675              |
| Other                                                 | 31,693                | 28,867             |
| Total current liabilities                             | 608,499               | 468,503            |
| Non-current liabilities                               |                       |                    |
| Long-term borrowings                                  | 86,243                | 277,795            |
| Asset retirement obligations                          | 11,576                | 11,588             |
| Deferred tax liabilities                              | 21,604                | 20,999             |
| Total non-current liabilities                         | 119,423               | 310,383            |
| Total non-current liabilities                         | 727,923               | 778,886            |
| <b>Net assets</b>                                     |                       |                    |
| Shareholders' equity                                  |                       |                    |
| Share capital                                         | 1,767,520             | 1,771,150          |
| Legal capital surplus                                 | 1,762,520             | 1,766,150          |
| Retained earnings                                     | 402,659               | 413,781            |
| Treasury shares                                       | (110)                 | (100,100)          |
| Total shareholders' equity                            | 3,932,589             | 3,850,981          |
| Accumulated other comprehensive income                |                       |                    |
| Valuation difference on available-for-sale securities | -                     | 2,315              |
| Foreign currency translation adjustment               | (3,099)               | (3,213)            |
| Total accumulated other comprehensive income          | (3,099)               | (897)              |
| Share acquisition rights                              | 14,135                | 20,731             |
| Total net assets                                      | 3,943,626             | 3,870,815          |
| Total liabilities and net assets                      | 4,671,549             | 4,649,702          |

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

|                                                               | Nine Months<br>Ended May 31, 2023 | Nine Months Ended<br>May 31, 2024 |
|---------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Net sales                                                     | 2,869,937                         | 3,000,196                         |
| Cost of sales                                                 | 1,201,563                         | 1,367,306                         |
| Gross profit                                                  | 1,668,373                         | 1,632,889                         |
| Selling, general and administrative expenses                  | 1,404,170                         | 1,597,503                         |
| Operating profit                                              | 264,202                           | 35,386                            |
| Non-operating income                                          |                                   |                                   |
| Interest income                                               | 13                                | 225                               |
| Share of profit of entities accounted for using equity method | 5,466                             | 12,669                            |
| Foreign exchange gains                                        | -                                 | 241                               |
| Other                                                         | 3,875                             | 2,142                             |
| Total non-operating income                                    | 9,355                             | 15,279                            |
| Non-operating expenses                                        |                                   |                                   |
| Interest expenses                                             | 1,058                             | 981                               |
| Foreign exchange losses                                       | 149                               | -                                 |
| Share issuance costs                                          | 8,199                             | 103                               |
| Share acquisition rights issuance costs                       | -                                 | 552                               |
| Loss on investments in investment partnerships                | -                                 | 6,160                             |
| Other                                                         | 1,614                             | 937                               |
| Total non-operating expenses                                  | 11,022                            | 8,736                             |
| Ordinary profit                                               | 262,535                           | 41,930                            |
| Extraordinary income                                          |                                   |                                   |
| Gain on reversal of share acquisition rights                  | -                                 | 866                               |
| Profit on liquidation of business                             | 34,968                            | -                                 |
| Total extraordinary income                                    | 34,968                            | 866                               |
| Profit before income taxes                                    | 297,503                           | 42,796                            |
| Income taxes - current                                        | 105,039                           | 10,416                            |
| Income taxes - deferred                                       | 5,693                             | 21,258                            |
| Total income taxes                                            | 110,732                           | 31,674                            |
| Profit                                                        | 186,770                           | 11,122                            |
| Profit attributable to owners of parent                       | 186,770                           | 11,122                            |

## Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Thousands of yen)

|                                                                | Nine Months<br>Ended May 31, 2023 | Nine Months<br>Ended May 31, 2024 |
|----------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Profit                                                         | 186,770                           | 11,122                            |
| Other comprehensive income                                     |                                   |                                   |
| Valuation difference on available-for-sale securities          | -                                 | 2,315                             |
| Foreign currency translation adjustment                        | (941)                             | (113)                             |
| Total other comprehensive income                               | (941)                             | 2,201                             |
| Comprehensive income                                           | 185,829                           | 13,324                            |
| Comprehensive income attributable to                           |                                   |                                   |
| Comprehensive income attributable to owners of parent          | 185,829                           | 13,324                            |
| Comprehensive income attributable to non-controlling interests | -                                 | -                                 |