

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

October 15, 2024

Consolidated Financial Results for the Fiscal Year Ended August 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: October 15, 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 fiscal year ended August 31, 2024 (from September 1, 2023 to August 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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	3,942	0.4	34	(88.4)	46	(84.4)	11	(94.7)
August 31, 2023	3,928	5.5	298	(24.2)	299	(24.4)	216	197.8

Note: Comprehensive income For the fiscal year ended August 31, 2024: ¥ 11 million [(94.7) %]
 For the fiscal year ended August 31, 2023: ¥ 215 million [193.5 %]

	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	%	%	%
August 31, 2024	1.27	1.26	0.3	1.0	0.9
August 31, 2023	24.97	24.54	6.1	6.8	7.6

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended August 31, 2024: ¥15 million
 For the fiscal year ended August 31, 2023: ¥7 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
August 31, 2024	4,676	3,872	82.3	425.75
August 31, 2023	4,671	3,943	84.1	429.49

Reference: Equity
 As of August 31, 2024: ¥ 3,850 million
 As of August 31, 2023: ¥ 3,929 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
August 31, 2024	(57)	(58)	116	3,275
August 31, 2023	78	(97)	373	3,273

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 August 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended August 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending August 31, 2025 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2025 (from September 1, 2024 to August 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	4,380	11.1	204	490.9	195	317.6	113	879.8	12.59

*** 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) 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 August 31, 2024	9,218,180 shares
As of August 31, 2023	9,150,380 shares

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

As of August 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)

Fiscal year ended August 31, 2024	9,083,093 shares
Fiscal year ended August 31, 2023	8,652,063 shares

(Summary of non-consolidated financial results)

1. Non-consolidated Financial Results for the fiscal year ended August 31, 2024 (from September 1, 2023 to August 31, 2024)

(1) Non-consolidated Results of Operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	3,428	3.4	73	△78.4	76	△78.2	47	△82.9
August 31, 2023	3,317	5.7	339	△28.7	351	△25.1	274	110.2
	Net income per share		Diluted net income per share					
Fiscal year ended	Yen		yen					
August 31, 2024	5.18		5.14					
August 31, 2023	31.69		31.14					

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
As of August 31, 2024	4,713	3,995	84.3	439.31
As of August 31, 2023	4,627	4,030	86.8	439.03

Reference: Equity

As of August 31, 2024: ¥ 3,973 million

As of August 31, 2023: ¥ 4,016 million

* 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.

Consolidated Financial Statements
Consolidated Balance Sheets

(Thousands of yen)

	As of August 31, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	3,273,786	3,275,145
Accounts receivable - trade and contract assets	455,680	427,708
Work in process	11,430	2,884
Prepaid expenses	49,252	79,830
Income taxes refund receivable	-	48,772
Other	9,689	4,953
Total current assets	3,799,840	3,839,295
Non-current assets		
Property, plant and equipment		
Buildings	68,769	75,179
Accumulated depreciation	(31,972)	(37,019)
Buildings, net	36,796	38,160
Tools, furniture and fixtures	77,377	81,552
Accumulated depreciation	(67,414)	(71,834)
Tools, furniture and fixtures, net	9,963	9,717
Total Property, plant and equipment	46,760	47,877
Intangible assets		
Trademark right	1,738	1,493
Goodwill	476,005	412,538
Customer-related intangible assets	61,666	53,444
Other	48	-
Total Intangible assets	539,458	467,475
Investments and other assets		
Investment securities	145,561	202,017
Leasehold and guarantee deposits	23,299	22,827
Deferred tax assets	94,629	74,017
Other	22,000	22,492
Total Investments and other assets	285,490	321,355
Total non-current assets	871,709	836,708
Total assets	4,671,549	4,676,003

(Thousands of yen)

	As of August 31, 2023	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	71,414	63,192
Current portion of long-term borrowings	106,488	162,412
Accounts payable - other	132,915	85,434
Accrued expenses	62,814	40,766
Income taxes payable	88,952	15,388
Accrued consumption taxes	53,233	34,684
Contract liabilities	60,988	76,054
Deposits received	27,142	49,524
Provision for bonuses	-	1,885
Other	4,550	3,989
Total current liabilities	608,499	533,332
Non-current liabilities		
Long-term borrowings	86,243	238,849
Asset retirement obligations	11,576	11,592
Deferred tax liabilities	21,604	19,848
Total non-current liabilities	119,423	270,290
Total non-current liabilities	727,923	803,622
Net assets		
Shareholders' equity		
Share capital	1,767,520	1,772,244
Legal capital surplus	1,762,520	1,767,244
Retained earnings	402,659	414,192
Treasury shares	(110)	(100,100)
Total shareholders' equity	3,932,589	3,853,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	(60)
Foreign currency translation adjustment	(3,099)	(3,069)
Total accumulated other comprehensive income	(3,099)	(3,130)
Share acquisition rights	14,135	21,930
Total net assets	3,943,626	3,872,380
Total liabilities and net assets	4,671,549	4,676,003

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year Ended August 31, 2023	Fiscal year Ended August 31, 2024
Net sales	3,928,524	3,942,967
Cost of sales	1,656,414	1,759,846
Gross profit	2,272,109	2,183,121
Selling, general and administrative expenses	1,973,479	2,148,595
Operating profit	298,630	34,526
Non-operating income		
Interest income	73	546
Share of profit of entities accounted for using equity method	7,775	15,160
Foreign exchange gains	-	133
Other	4,105	2,877
Total non-operating income	11,954	18,718
Non-operating expenses		
Interest expenses	1,331	1,540
Foreign exchange losses	21	-
Share issuance costs	8,242	168
Share acquisition rights issuance costs	-	552
Loss on investments in investment partnerships	-	2,816
Commission expenses	-	917
Other	1,972	549
Total non-operating expenses	11,568	6,544
Ordinary profit	299,017	46,699
Extraordinary income		
Gain on reversal of share acquisition rights	-	729
Profit on liquidation of business	46,481	-
Total extraordinary income	46,481	729
Profit before income taxes	345,498	47,429
Income taxes - current	132,805	17,024
Income taxes - deferred	(3,346)	18,872
Total income taxes	129,459	35,896
Profit	216,039	11,532
Profit attributable to owners of parent	216,039	11,532

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year Ended August 31, 2023	Fiscal year Ended August 31, 2024
Profit	216,039	11,532
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(60)
Foreign currency translation adjustment	(691)	29
Total other comprehensive income	(691)	(30)
Comprehensive income	215,347	11,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	215,347	11,502
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

Fiscal year Ended August 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,511,039	1,506,039	186,620	(110)	3,203,588
Changes during period					
Issuance of new shares	249,979	249,979			499,958
Issuance of new shares - exercise of share acquisition rights	6,501	6,501			13,003
Profit (loss) attributable to owners of parent			216,039		216,039
Net changes in items other than shareholders' equity)					
Total changes during period	256,480	256,480	216,039	-	729,001
Balance at end of period	1,767,520	1,762,520	402,659	△110	3,932,589

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(2,407)	(2,407)	8,168	3,209,349
Changes during period				
Issuance of new shares				499,958
Issuance of new shares - exercise of share acquisition rights				13,003
Profit (loss) attributable to owners of parent				216,039
Net changes in items other than shareholders' equity	(691)	(691)	5,967	5,275
Total changes during period	(691)	(691)	5,967	734,276
Balance at end of period	(3,099)	(3,099)	14,135	3,943,626

Fiscal year Ended August 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,767,520	1,762,520	402,659	(110)	3,932,589
Changes during period					
Issuance of new shares - exercise of share acquisition rights	4,724	4,724			9,448
Profit (loss) attributable to owners of parent			11,532		11,532
Purchase of treasury shares				(99,989)	(99,989)
Issuance of new shares					-
Forfeiture of share acquisition rights					-
Net changes in items other than shareholders' equity					
Total changes during period	4,724	4,724	11,532	(99,989)	(79,008)
Balance at end of period	1,772,244	1,767,244	414,192	(100,100)	3,853,580

	Accumulated other comprehensive income			Share acquisition rights	Total shareholders' equity
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-	(3,099)	(3,099)	14,135	3,943,626
Changes during period					
Issuance of new shares - exercise of share acquisition rights					9,448
Profit (loss) attributable to owners of parent					11,532
Purchase of treasury shares					(99,989)
Issuance of new shares				8,524	8,524
Forfeiture of share acquisition rights				(729)	(729)
Net changes in items other than shareholders' equity	(60)	29	(30)	-	(30)
Total changes during period	(60)	29	(30)	7,794	(71,245)
Balance at end of period	(60)	(3,069)	(3,130)	21,930	3,872,380

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year Ended August 31, 2023	Fiscal year Ended August 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	345,498	47,429
Depreciation	22,913	20,365
Amortization of goodwill	63,467	63,467
Share of loss (profit) of entities accounted for using equity method	(7,775)	(15,160)
Loss (profit) on liquidation of business	(46,481)	-
Increase (decrease) in provision for bonuses	(215)	1,885
Interest income	(73)	(546)
Interest expenses	1,331	1,540
Share issuance costs	8,242	168
Share acquisition rights issuance costs	-	552
Decrease (increase) in accounts receivable - trade, and contract assets	(107,608)	27,972
Decrease (increase) in inventories	(9,677)	8,546
Decrease (increase) in prepaid expenses	(4,105)	(30,456)
Increase (decrease) in trade payables	23,576	(8,222)
Increase (decrease) in accounts payable - other	(7,006)	(47,493)
Increase (decrease) in accrued expenses	315	(22,070)
Increase (decrease) in contract liabilities	18,377	15,065
Increase (decrease) in accrued consumption taxes	(45,124)	(18,572)
Other, net	668	27,088
Subtotal	256,323	71,560
Interest and dividends received	27	266
Interest paid	(1,322)	(1,659)
Income taxes paid	(176,361)	(139,941)
Income taxes refund	-	12,652
Net cash provided by (used in) operating activities	78,666	(57,122)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,113)	(13,067)
Purchase of investment securities	(84,000)	(50,000)
Proceeds from distributions from investment partnerships	-	5,007
Payments of leasehold and guarantee deposits	-	(427)
Proceeds from refund of leasehold and guarantee deposits	2,546	-
Loan advances to employees	(14,000)	-
Other, net	366	-
Cash flows from investing activities	(97,200)	(58,487)

(単位：千円)

	Fiscal year Ended August 31, 2023	Fiscal year Ended August 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	-	350,000
Repayments of long-term borrowings	△125,816	△141,470
Proceeds from issuance of shares resulting from exercise of share acquisition rights	12,839	9,279
Payments for issuance of shares	491,879	-
Purchase of treasury shares	-	△100,907
Repayments of lease liabilities	△4,989	-
Cash flows from financing activities	373,913	116,901
Effect of exchange rate change on cash and cash equivalents	7,945	66
Net increase (decrease) in cash and cash equivalents	363,325	1,358
Cash and cash equivalents at beginning of period	2,910,461	3,273,786
Cash and cash equivalents at end of period	3,273,786	3,275,145