

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (under Japanese GAAP)

November 7, 2023

Company name: for Startups, Inc.	Listing: Tokyo Stock Exchange
Securities code: 7089	URL: https://forstartups.com/en/
Representative: Yuichiro Shimizu, President and CEO	
Contact: Isao Kikuchi, Director and Head of Corporate Division	
TEL: +81-3-6893-0650	
Planned date of quarterly report submission:	November 7, 2023
Planned start date for payment of dividends:	-
Preparation of supplemental explanatory material for quarterly results:	Yes (published on the Company's website)
Holding of briefing for quarterly results:	Yes (for institutional investors and analysts)

(Note: Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Percentage figures represent year-on-year changes)

	Net sales		Operating income		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, 2023	1,609	11.9	304	(4.3)	303	(4.6)	214	(5.1)
Six months ended September 30, 2022	1,437	31.3	317	25.4	318	26.2	226	29.9

(Note) Comprehensive income:

Six months ended September 30, 2023	199 million yen (down 6.9%)
Six months ended September 30, 2022	214 million yen (up 22.8%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2023	60.49	58.95
Six months ended September 30, 2022	63.86	62.07

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	2,963	2,399	66.9
As of March 31, 2023	2,969	2,190	59.5

(Reference) Equity:

As of September 30, 2023	1,981 million yen
As of March 31, 2023	1,767 million yen

2. Divided Status

	1Q-end	2Q-end	3Q-end	4Q-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (Forecast)			—	0.00	0.00

(Note) Revisions to the dividend forecasts announced most recently: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic net income per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	3,300	10.0	330	(43.6)	330	(43.8)	240	(45.8)	67.67

(Note) Revisions to the earnings forecasts announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - (i) Changes in accounting policies due to revisions to accounting standards: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatements: None
- (4) Number of shares issued (common stock)
 - (i) Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2023	3,555,800 shares
As of March 31, 2023	3,546,800 shares
 - (ii) Number of treasury stock at the end of the period

As of September 30, 2023	156 shares
As of March 31, 2023	156 shares
 - (iii) Average number of shares during the period

Six months ended September 30, 2023	3,551,273 shares
Six months ended September 30, 2022	3,545,335 shares

* This report is not subject to the quarterly review by certified public accountants or auditing firms.

* Description concerning the appropriate use of earnings forecasts and other remarks

The earnings forecasts and other Forward-Looking statements stated in this document are based on information currently available to the Company and certain assumptions determined to be reasonable, and are not intended to provide the Company's assurances of their achievement. Furthermore, actual results, etc. may significantly differ due to a variety of factors.

Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Units: thousand yen)

	Fiscal Year 2023 (As of March 31, 2023)	Second Quarter of Fiscal Year 2024 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	1,745,270	1,622,405
Accounts receivable - trade	331,195	459,263
Operational investment securities	463,408	463,458
Other	27,648	30,896
Allowance for doubtful accounts	—	(225)
Total current assets	2,567,522	2,575,799
Non-current assets		
Property, plant and equipment	123,336	117,263
Intangible assets	68	40
Investments and other assets		
Other	278,871	273,549
Allowance for doubtful accounts	—	(3,465)
Total Investments and other assets	278,871	270,084
Total non-current assets	402,276	387,388
Total assets	2,969,798	2,963,188
Liabilities		
Current liabilities		
Accounts payable - other	426,509	240,082
Current portion of long-term borrowings	66,674	25,000
Income taxes payable	2,607	16,263
Accrued consumption taxes	52,979	21,559
Provision for bonuses	94,296	90,537
Other	136,261	170,101
Total current liabilities	779,327	563,543
Total liabilities	779,327	563,543
Net assets		
Shareholders' equity		
Share capital	226,446	227,511
Capital surplus	226,763	227,511
Retained earnings	1,311,752	1,526,580
Treasury shares	(540)	(540)
Total shareholders' equity	1,764,422	1,981,380
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,228	357
Total accumulated other comprehensive income	3,228	357
Share acquisition rights	17,415	24,951
Non-controlling interests	405,404	392,955
Total net assets	2,190,470	2,399,644
Total liabilities and net assets	2,969,798	2,963,188

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the six-month period)

	(Units: thousand yen)	
	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net sales	1,437,801	1,609,042
Cost of sales	261,356	259,737
Gross profit	1,176,444	1,349,304
Selling, general and administrative expenses	858,476	1,045,067
Operating income	317,967	304,236
Non-operating income		
Interest income	5	6
Gain on sales of investment securities	—	429
Outsourcing Service Income	100	770
Miscellaneous income	1,251	788
Total non-operating income	1,357	1,357
Non-operating expenses		
Interest expenses	436	136
Loss on investments in investment partnerships	349	2,253
Other	1	—
Total non-operating expenses	788	2,389
Ordinary profit	318,536	303,840
Profit before income taxes	318,536	303,840
Income taxes - current	117,290	99,462
Income taxes - deferred	(12,952)	2,000
Total income taxes	104,337	101,462
Profit	214,199	202,378
Profit (loss) attributable to non-controlling interests	(12,205)	(12,449)
Profit attributable to owners of parent	226,404	214,827

(Quarterly Consolidated Statement of Income)
(For the six-month period)

	(Units: thousand yen)	
	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Profit	214,199	202,378
Other comprehensive income		
Valuation difference on available-for-sale securities	59	(2,870)
Total other comprehensive income	59	(2,870)
Comprehensive income	214,258	199,507
Total comprehensive income attributable to:		
Owners of parent	226,463	211,957
Non-controlling interests	(12,205)	(12,449)

(3) Quarterly Consolidated Statements of Cash Flows

(Units: thousand yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	318,536	303,840
Depreciation	9,807	6,100
Share-based payment expenses	7,550	7,550
Increase (decrease) in allowance for doubtful accounts	—	3,690
Increase (decrease) in provision for bonuses	9,218	(3,759)
Interest income	(5)	(6)
Interest expenses	436	136
Loss (gain) on sales of investment securities	—	(429)
Loss (gain) on investments in investment partnerships	349	2,253
Decrease (increase) in trade receivables	(35,192)	(128,068)
Decrease (increase) in operational investment securities	(103,024)	(50)
Decrease (increase) in distressed receivables	—	(3,465)
Increase (decrease) in accounts payable - other	34,548	(185,937)
Increase (decrease) in accrued expenses	27,653	(4,461)
Increase (decrease) in advances received	20,967	8,395
Increase (decrease) in deposits received	4,358	20,790
Increase (decrease) in accrued consumption taxes	(28,166)	(31,561)
Other	(9,940)	(3,495)
Subtotal	257,096	(8,477)
Interest received	5	6
Interest paid	(362)	(82)
Income taxes paid	(164,808)	(84,267)
Net cash provided by (used in) operating activities	91,931	(92,820)
Cash flows from investing activities		
Purchases of property, plant and equipment	(83,257)	(490)
Purchases of investment securities	(10,110)	—
Proceeds from sales of investment securities	—	429
Proceeds from distributions from investment partnerships	—	10,059
Payments of leasehold and guarantee deposits	—	(484)
Proceeds from refund of leasehold and guarantee deposits	3,777	—
Net cash provided by (used in) investing activities	(89,590)	9,514
Cash flows from financing activities		
Repayments of long-term borrowings	(58,332)	(41,674)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	4,212	2,115
Purchase of treasury shares	(253)	—
Proceeds from share issuance to non-controlling shareholders	86,400	—
Net cash provided by (used in) financing activities	32,026	(39,558)
Net increase (decrease) in cash and cash equivalents	34,367	(122,864)
Cash and cash equivalents at the beginning of period	1,717,761	1,745,270
Cash and cash equivalents at the end of period	1,752,129	1,622,405