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Consolidated Financial Results for the Six Months Ended September 30, 2024 (under Japanese GAAP)

November 7, 2024

Company name: for Startups, Inc.
 Listing: Tokyo Stock Exchange
 Securities Code: 7089
 URL: <https://forstartups.com/en/>
 Representative: Yuichiro Shimizu, President and CEO
 Inquiries: Isao Kikuchi, Operating officer and Head of Corporate Division
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 Scheduled date to file semi-annual securities report: November 7, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)**(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, 2024	1,698	5.5	156	(48.6)	155	(48.8)	116	(45.7)
Six months ended September 30, 2023	1,609	11.9	304	(4.3)	303	(4.6)	214	(5.1)

(Note) Comprehensive income:

Six months ended September 30, 2024 104 million yen (down 47.7%)
 Six months ended September 30, 2023 199 million yen (down 6.9%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2024	32.03	31.94
Six months ended September 30, 2023	60.49	58.95

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	3,833	2,568	57.7
As of March 31, 2024	3,241	2,545	67.1

(Reference) Equity: As of September 30, 2024: 2,211 million yen As of March 31, 2024: 2,174 million yen

2. Divided Status

	1Q-end	2Q-end	3Q-end	4Q-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2025	—	0.00			
Fiscal year ending March 31, 2025 (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, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures represent year-on-year changes)

Full year	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	4,100	20.0	450	6.3	450	5.0	310	(19.7)	85.02

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

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
- (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 September 30, 2024	3,646,400 shares
As of March 31, 2024	3,646,400 shares

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

As of September 30, 2024	66,091 Shares
As of March 31, 2024	156 Shares

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

Six months ended September 30, 2024	3,641,401 shares
Six months ended September 30, 2023	3,551,273 shares

Semi-annual consolidated financial statements
(1) Semi-annual consolidated balance sheets

(Units: thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	1,655,674	2,382,659
Accounts receivable - trade	512,905	345,996
Operational investment securities	378,171	378,171
Prepaid expenses	34,370	41,343
Other	2,969	25,044
Allowance for doubtful accounts	(1,989)	(931)
Total current assets	2,582,102	3,172,284
Non-current assets		
Property, plant and equipment	67,953	28,298
Intangible assets	13	6
Investments and other assets		
Lease and guarantee deposits	423,272	453,426
Other	172,136	183,166
Allowance for doubtful accounts	(4,015)	(4,015)
Total Investments and other assets	591,393	632,578
Total non-current assets	659,361	660,884
Total assets	3,241,463	3,833,168
Liabilities		
Current liabilities		
Accounts payable - other	235,353	225,653
Current portion of long-term borrowings	-	114,000
Income taxes payable	114,368	75,444
Accrued consumption taxes	58,320	36,480
Provision for bonuses	127,828	107,817
Provision for loss of office transfer expenses	31,085	31,085
Other	129,243	217,691
Total current liabilities	696,198	808,172
Non-current liabilities		
Long-term borrowings	-	456,000
Total non-current liabilities	-	456,000
Total liabilities	696,198	1,264,172
Net assets		
Shareholders' equity		
Share capital	238,259	238,259
Capital surplus	238,577	238,577
Retained earnings	1,697,752	1,814,377
Treasury shares	(540)	(80,935)
Total shareholders' equity	2,174,048	2,210,278
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	692	782
Total accumulated other comprehensive income	692	782
Share acquisition rights	32,378	32,126
Non-controlling interests	338,145	325,807
Total net assets	2,545,264	2,568,995
Total liabilities and net assets	3,241,463	3,833,168

(2) Semi-annual consolidated statements of income and comprehensive income
(For the six-month period)

	(Units: thousand yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	1,609,042	1,698,004
Cost of sales	259,737	291,761
Gross profit	1,349,304	1,406,242
Selling, general and administrative expenses	1,045,067	1,250,001
Operating income	304,236	156,241
Non-operating income		
Interest income	6	146
Gain on sales of investment securities	429	—
Outsourcing Service Income	770	493
Miscellaneous income	788	1,112
Total non-operating income	1,993	1,753
Non-operating expenses		
Interest expenses	136	632
Loss on investments in investment partnerships	2,253	1,269
Commission for purchase of treasury shares	—	600
Total non-operating expenses	2,389	2,502
Ordinary profit	303,840	155,492
Extraordinary losses		
Loss on disposal of non-current assets	—	32
Total extraordinary losses	—	32
Profit before income taxes	303,840	155,459
Income taxes - current	99,462	63,487
Income taxes - deferred	2,000	(12,314)
Total income taxes	101,462	51,172
Profit	202,378	104,287
Profit (loss) attributable to non-controlling interests	(12,449)	(12,337)
Profit attributable to owners of parent	214,827	116,624

(Semi-annual consolidated statements of comprehensive income)

(Units: thousand yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	202,378	104,287
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,870)	90
Total other comprehensive income	(2,870)	90
Comprehensive income	199,507	104,377
Total comprehensive income attributable to:		
Owners of parent	211,957	116,714
Non-controlling interests	(12,449)	(12,337)

(3) Semi-annual consolidated statements of cash flows

(Units: thousand yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	303,840	155,459
Depreciation	6,100	57,668
Share-based payment expenses	7,550	(251)
Increase (decrease) in allowance for doubtful accounts	3,690	(1,058)
Increase (decrease) in provision for bonuses	(3,759)	(20,011)
Interest income	(6)	(146)
Interest expenses	136	632
Loss on disposal of non-current assets	—	32
Loss (gain) on sales of investment securities	(429)	—
Loss (gain) on investments in investment partnerships	2,253	1,269
Decrease (increase) in trade receivables	(128,068)	166,908
Decrease (increase) in operational investment securities	(50)	—
Decrease (increase) in distressed receivables	(3,465)	—
Increase (decrease) in accounts payable - other	(185,937)	(13,550)
Increase (decrease) in accrued expenses	(4,461)	46,082
Increase (decrease) in advances received	8,395	35,354
Increase (decrease) in deposits received	20,790	9,505
Increase (decrease) in accrued consumption taxes	(31,561)	(21,839)
Other	(3,495)	(43,249)
Subtotal	(8,477)	372,806
Interest received	6	146
Interest paid	(82)	(1,896)
Income taxes paid	(84,267)	(100,237)
Net cash provided by (used in) operating activities	(92,820)	270,818
Cash flows from investing activities		
Purchases of property, plant and equipment	(490)	(14,190)
Proceeds from sales of investment securities	429	—
Proceeds from distributions from investment partnerships	10,059	—
Payments of leasehold and guarantee deposits	(484)	(305)
Net cash provided by (used in) investing activities	9,514	(14,495)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	570,000
Repayments of long-term borrowings	(41,674)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2,115	—
Purchase of treasury shares	—	(80,394)
Net cash provided by (used in) financing activities	(39,558)	489,605
Net increase (decrease) in cash and cash equivalents	(122,864)	745,928
Cash and cash equivalents at the beginning of period	1,745,270	1,655,674
Cash and cash equivalents at the end of period	1,622,405	2,401,603