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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

October 31, 2024

Company name: ENDO Lighting Corporation

Listing: Tokyo

Securities code: 6932

URL: <https://www.endo-lighting.co.jp>

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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: December 2, 2024

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Representative Director and President

Officer, General Manager of Corporate Administration Division

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 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	%
Six months ended September 30, 2024	24,939	4.3	1,672	(17.2)	1,918	(19.1)	1,275	(29.3)
September 30, 2023	23,907	12.8	2,018	73.1	2,370	38.9	1,804	87.5

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 3,022 million [(25.1) %]
Six months ended September 30, 2023: ¥ 4,035 million [50.6 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	86.30	-
September 30, 2023	122.15	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	66,845	41,257	61.7
March 31, 2024	62,753	38,567	61.5

(Reference) Equity: As of September 30, 2024: ¥ 41,257 million
As of March 31, 2024: ¥ 38,567 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	17.50	-	22.50	40.00
Fiscal year ending March 31, 2025	-	20.00			
Fiscal year ending March 31, 2025 (Forecast)			-	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	53,000	2.5	5,300	1.8	5,500	(3.9)	4,200	(9.7)	284.24

(Note) Revision to the financial results forecast 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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 14,776,321 shares

March 31, 2024: 14,776,321 shares

2) Number of treasury shares at the end of the period:

September 30, 2024: 196 shares

March 31, 2024: 152 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 14,776,148 shares

Six months ended September 30, 2023: 14,776,169 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary note concerning forward-looking statements)

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 results may differ substantially due to various factors.

(Where to obtain this supplemental explanation materials)

The Company plans to hold a briefing for analysts and institutional investors on Thursday, November 21, 2024. Supplemental materials will be posted on the Company's website promptly after the briefing.

Semi-annual Consolidated Financial Statements

Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,373	16,152
Notes and accounts receivable - trade	9,845	10,004
Merchandise and finished goods	10,822	13,016
Work in process	269	434
Raw materials and supplies	1,172	1,428
Other	1,704	2,259
Allowance for doubtful accounts	(262)	(267)
Total current assets	39,924	43,027
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,806	10,209
Accumulated depreciation	(5,348)	(5,704)
Buildings and structures, net	4,457	4,504
Machinery, equipment and vehicles	3,618	3,777
Accumulated depreciation	(3,221)	(3,385)
Machinery, equipment and vehicles, net	396	391
Rental assets	15,940	16,519
Accumulated depreciation	(8,436)	(8,921)
Rental assets, net	7,503	7,597
Land	3,452	3,467
Leased assets	422	437
Accumulated depreciation	(302)	(319)
Leased assets, net	119	118
Construction in progress	323	816
Other	3,997	3,524
Accumulated depreciation	(3,381)	(2,805)
Other, net	616	719
Total property, plant and equipment	16,871	17,615
Intangible assets		
Software	463	622
Goodwill	2,516	2,507
Other	153	129
Total intangible assets	3,134	3,259
Investments and other assets		
Investment securities	100	89
Retirement benefit asset	101	117
Deferred tax assets	947	1,026
Other	1,759	1,789
Allowance for doubtful accounts	(85)	(80)
Total investments and other assets	2,823	2,942
Total non-current assets	22,829	23,817
Total assets	62,753	66,845

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,036	6,758
Short-term borrowings	200	1,600
Current portion of long-term borrowings	4,464	3,967
Lease liabilities	48	44
Income taxes payable	667	304
Provision for bonuses	872	600
Provision for bonuses for directors (and other officers)	171	93
Provision for product warranties	582	519
Other	3,195	2,779
Total current liabilities	15,238	16,666
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	6,624	6,302
Lease liabilities	79	90
Deferred tax liabilities	135	353
Provision for retirement benefits for directors (and other officers)	109	120
Retirement benefit liability	303	369
Other	694	684
Total non-current liabilities	8,947	8,920
Total liabilities	24,186	25,587
Net assets		
Shareholders' equity		
Share capital	5,155	5,155
Capital surplus	5,516	5,516
Retained earnings	22,574	23,517
Treasury shares	(0)	(0)
Total shareholders' equity	33,246	34,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32	24
Deferred gains or losses on hedges	(20)	(52)
Foreign currency translation adjustment	5,374	7,148
Remeasurements of defined benefit plans	(66)	(52)
Total accumulated other comprehensive income	5,320	7,067
Non-controlling interests	0	0
Total net assets	38,567	41,257
Total liabilities and net assets	62,753	66,845

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	23,907	24,939
Cost of sales	14,637	15,617
Gross profit	9,269	9,322
Selling, general and administrative expenses	7,251	7,650
Operating profit	2,018	1,672
Non-operating income		
Interest and dividend income	115	226
Income of rent	81	85
Gain on valuation of derivatives	391	-
Other	18	38
Total non-operating income	607	350
Non-operating expenses		
Interest expenses	47	36
Rental costs	33	36
Foreign exchange losses	166	0
Loss on retirement of non-current assets	0	24
Other	5	5
Total non-operating expenses	255	103
Ordinary profit	2,370	1,918
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	2,370	1,918
Income taxes - current	611	487
Income taxes - deferred	(45)	155
Total income taxes	566	643
Profit	1,804	1,275
Loss attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	1,804	1,275

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,804	1,275
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(8)
Deferred gains or losses on hedges	22	(31)
Foreign currency translation adjustment	2,179	1,773
Remeasurements of defined benefit plans, net of tax	14	13
Total other comprehensive income	2,231	1,747
Comprehensive income	4,035	3,022
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,035	3,022
Comprehensive income attributable to non-controlling interests	0	0

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,370	1,918
Depreciation	1,464	1,499
Amortization of goodwill	106	122
Increase (decrease) in allowance for doubtful accounts	113	(7)
Increase (decrease) in provision for bonuses	(166)	(289)
Increase (decrease) in provision for bonuses for directors (and other officers)	(47)	(83)
Increase (decrease) in provision for product warranties	106	(63)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(15)	10
Increase (decrease) in retirement benefit liability	22	39
Decrease (increase) in retirement benefit asset	(25)	(16)
Interest and dividend income	(115)	(226)
Interest expenses	47	36
Loss (gain) on sale of non-current assets	(0)	(0)
Decrease (increase) in trade receivables	(330)	(100)
Decrease (increase) in inventories	78	(2,488)
Increase (decrease) in trade payables	667	1,674
Increase (decrease) in accounts payable - other	212	(599)
Other, net	(264)	(40)
Subtotal	4,223	1,384
Interest and dividends received	115	226
Interest paid	(48)	(38)
Income taxes paid	(468)	(826)
Net cash provided by (used in) operating activities	3,822	746
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,442)	(2,023)
Proceeds from sale of property, plant and equipment	2	6
Purchase of intangible assets	(89)	(201)
Payments into time deposits	(204)	(216)
Proceeds from withdrawal of time deposits	209	215
Other, net	66	61
Net cash provided by (used in) investing activities	(1,459)	(2,156)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	900	1,400
Proceeds from long-term borrowings	1,500	1,500
Repayments of long-term borrowings	(2,482)	(2,319)
Dividends paid	(221)	(332)
Other, net	(14)	5
Net cash provided by (used in) financing activities	(318)	253
Effect of exchange rate change on cash and cash equivalents	942	922
Net increase (decrease) in cash and cash equivalents	2,987	(234)
Cash and cash equivalents at beginning of period	11,847	16,163
Cash and cash equivalents at end of period	14,834	15,928

Notes on Quarterly Consolidated Results by Segment

Summary of Segment Information

I Previous Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

1. Information of the net sales and profit or loss by Reporting Segment

(Millions of yen)

	Reporting Segment				Total
	Lighting Fixtures	Environment-related Business	Interior Furniture	Total	
Sales Revenues					
Revenues from external customers	18,557	4,900	449	23,907	23,907
Inter-segment revenues and transfers	2,594	29	—	2,623	2,623
Total	21,152	4,929	449	26,531	26,531
Segment profit or loss (△)	2,196	443	△63	2,576	2,576

2. The difference between the total amounts of profits or losses by reporting segment and the amount reported on the quarterly consolidated profit and loss statement and the main contents of said difference (Matters concerning difference adjustment)

(Millions of yen)

Profit	Amount
Total of Reporting segment ²	2,576
Elimination of intra-segment transactions	44
Unrealized profit adjustment	3
Company-wide expenses (See note)	△606
Consolidated Operating profit	2,018

Note: Company-wide expenses mainly present administration expenses of the parent non-attributable to reporting segment.

3. Information of fixed asset impairment or goodwill

Description is omitted because of lack of materiality.

II Current Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

1. Information of the net sales and profit or loss by Reporting Segment

(Millions of yen)

	Reporting Segment				Total
	Lighting Fixtures	Environment-related Business	Interior Furniture	Total	
Sales Revenues					
Revenues from external customers	19,922	4,445	571	24,939	24,939
Inter-segment revenues and transfers	2,648	25	—	2,673	2,673
Total	22,570	4,471	571	27,613	27,613
Segment profit	1,866	438	12	2,317	2,317

2. The difference between the total amounts of profits or losses by reporting segment and the amount reported on the quarterly consolidated profit and loss statement and the main contents of said difference (Matters concerning difference adjustment)

(Millions of yen)

Profit	Amount
Total of Reporting segment	2,317
Elimination of intra-segment transactions	51
Unrealized profit adjustment	△0
Company-wide expenses (See note)	△696
Consolidated Operating profit	1,672

Note: Company-wide expenses mainly present administration expenses of the parent non-attributable to reporting segment.

3. Information of fixed asset impairment or goodwill

Description is omitted because of lack of materiality.