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October 27, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Japanese GAAP)

Company name: Prestige International Inc.
 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 4290
 URL: <http://www.prestigein.com/>
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 Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date to commence dividend payments: December 4, 2023

Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	28,763	9.9	3,857	0.5	4,071	0.8	2,357	△ 4.1
September 30, 2022	26,179	17.4	3,839	25.3	4,039	28.8	2,458	32.7

(Note) Comprehensive income For the Six months ended September 30, 2023: ¥3,783 million [3.7%]
 For the Six months ended September 30, 2022: ¥3,648 million [74.4%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	18.42	18.36
September 30, 2022	19.26	19.17

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	65,087	44,843	64.3
March 31, 2023	60,273	41,817	64.8

Reference: Equity
 As of September 30, 2023 : ¥41,858 million
 As of March 31, 2023 : ¥39,079 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 March 31, 2023	—	5.00	—	6.00	11.00
Fiscal year ended March 31, 2024	—	6.00			
Fiscal year ended March 31, 2024 (Forecast)			—	6.00	12.00

(Note) Revisions to the forecast of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2024

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	56,500	3.6	8,200	4.6	8,700	3.8	5,200	△ 2.2	40.70

(Note) Revision to the financial results forecast announced most recently: No

Note:

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|---|------|
| (1) Changes in significant subsidiaries during the Six months ended September 30, 2023 : | None |
| (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: | None |
| (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement | |
| 1) Changes in accounting policies due to the revision of accounting standards: | None |
| 2) Changes in accounting policies due to other reasons: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement of prior period financial statements: | None |

(4) Number of issued shares (common shares)

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

As of September 30, 2023	128,676,300 shares	As of March 31, 2023	128,560,700 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	580,708 shares	As of March 31, 2023	580,708 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of September 30, 2023	128,025,858 shares	As of September 30, 2022	127,653,875 shares
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*Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Explanation for appropriate use of financial forecasts and other special notes

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	21,671,467	21,048,826
Accounts receivable - trade	5,304,236	5,970,275
Advances paid	6,549,144	8,912,723
Merchandise and finished goods	69,380	63,039
Work in process	173,593	242,606
Raw materials and supplies	63,840	80,896
Other	3,354,858	3,382,265
Allowance for doubtful accounts	△1,293,676	△1,597,009
Total current assets	35,892,843	38,103,624
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,085,438	11,087,875
Other, net	2,611,611	3,660,306
Total property, plant and equipment	13,697,049	14,748,182
Intangible assets		
Goodwill	135,000	120,000
Other	1,890,878	2,026,135
Total intangible assets	2,025,878	2,146,135
Investments and other assets		
Investment securities	7,655,097	9,103,744
Other	1,069,841	1,054,263
Allowance for doubtful accounts	△67,619	△68,321
Total investments and other assets	8,657,318	10,089,686
Total non-current assets	24,380,246	26,984,004
Total assets	60,273,090	65,087,628

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,349,742	1,270,442
Short-term borrowings	125,000	125,000
Income taxes payable	1,365,018	1,403,356
Contract liabilities	5,907,561	6,445,583
Provision for bonuses	748,606	907,939
Reserve for fulfillment of guarantees	252,391	314,115
Other	5,953,414	6,855,517
Total current liabilities	15,701,735	17,321,954
Non-current liabilities		
Long-term borrowings	250,000	187,500
Retirement benefit liability	13,545	13,410
Asset retirement obligations	1,885,046	1,927,959
Other	604,924	793,471
Total non-current liabilities	2,753,516	2,922,341
Total liabilities	18,455,251	20,244,295
Net assets		
Shareholders' equity		
Share capital	1,570,641	1,601,210
Capital surplus	2,840,271	2,870,840
Retained earnings	32,788,867	34,378,818
Treasury shares	△418,158	△418,158
Total shareholders' equity	36,781,620	38,432,710
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	591,133	996,082
Foreign currency translation adjustment	1,706,346	2,429,942
Total accumulated other comprehensive income	2,297,480	3,426,024
Share acquisition rights	249,802	271,314
Non-controlling interests	2,488,934	2,713,282
Total net assets	41,817,838	44,843,332
Total liabilities and net assets	60,273,090	65,087,628

(2) Consolidated Statement of Income and Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	26,179,880	28,763,278
Cost of sales	19,849,895	22,059,026
Gross profit	6,329,985	6,704,251
Selling, general and administrative expenses	2,490,188	2,846,728
Operating profit	3,839,796	3,857,523
Non-operating income		
Interest income	2,710	4,326
Interest on securities	111,394	139,631
Dividend income	6,433	6,891
Share of profit of entities accounted for using equity method	125,877	185,795
Other	37,608	21,125
Total non-operating income	284,025	357,770
Non-operating expenses		
Interest expenses	3,244	1,671
Foreign exchange losses	59,742	109,041
Other	21,482	32,822
Total non-operating expenses	84,469	143,536
Ordinary profit	4,039,352	4,071,757
Extraordinary income		
Gain on sale of non-current assets	818	2,485
Subsidy income	9,636	12,211
Gain on sale of investment securities	1,130	42,341
Total extraordinary income	11,584	57,038
Extraordinary losses		
Loss on sale of non-current assets	9	—
Loss on retirement of non-current assets	—	9,977
Loss on tax purpose reduction entry of non- current assets	9,636	12,211
Impairment losses	613	—
Loss on valuation of investment securities	3,860	—
Total extraordinary losses	14,119	22,188
Profit before income taxes	4,036,818	4,106,607
Income taxes - current	1,356,695	1,470,780
Income taxes - deferred	10,200	△19,034
Total income taxes	1,366,896	1,451,745
Profit	2,669,921	2,654,862
Profit attributable to non-controlling interests	211,087	297,030
Profit attributable to owners of parent	2,458,834	2,357,831

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,669,921	2,654,862
Other comprehensive income		
Valuation difference on available-for-sale securities	119,934	405,346
Foreign currency translation adjustment	858,208	723,595
Total other comprehensive income	978,142	1,128,942
Comprehensive income	3,648,064	3,783,804
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,438,376	3,486,375
Comprehensive income attributable to non-controlling interests	209,688	297,428

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,036,818	4,106,607
Depreciation	867,563	929,826
Amortization of goodwill	3,075	15,000
Increase (decrease) in allowance for doubtful accounts	125,939	300,181
Increase (decrease) in provision for bonuses	△125,914	158,709
Increase (decrease) in Reserve for fulfillment of guarantees	62,663	61,723
Interest and dividend income	△120,538	△150,850
Loss (gain) on sale of property, plant and equipment and intangible assets	△808	△2,485
Interest expenses	3,244	1,671
Foreign exchange losses (gains)	35,862	73,459
Share of loss (profit) of entities accounted for using equity method	△125,877	△185,795
Subsidy income	△9,636	△12,211
Loss on tax purpose reduction entry of non-current assets	9,636	12,211
Loss on retirement of non-current assets	6,477	16,302
Impairment losses	613	—
Loss (gain) on sale of investment securities	△1,130	△42,341
Loss (gain) on valuation of investment securities	4,666	△1,063
Decrease (increase) in trade receivables	△209,258	△598,170
Decrease (increase) in inventories	△80,254	△79,517
Decrease (increase) in advances paid	△1,354,208	△2,053,332
Decrease (increase) in other assets	61,391	△160,662
Increase (decrease) in trade payables	175,549	△151,343
Increase (decrease) in other liabilities	219,268	1,104,112
Increase (decrease) in accrued consumption taxes	△195,462	△91,831
Increase (decrease) contract liabilities	862,147	532,215
Other, net	49,772	60,796
Subtotal	4,301,600	3,843,213
Income taxes paid	△1,604,168	△1,417,863
Interest and dividends received	126,754	135,165
Interest paid	△3,143	△1,607
Net cash provided by (used in) operating activities	2,821,042	2,558,907

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	△764,336	△2,190,164
Proceeds from sale of property, plant and equipment and intangible assets	74,643	3,010
Purchase of investment securities	△729,946	△815,615
Proceeds from sale of investment securities	8,411	59,620
Proceeds from redemption of investment securities	—	146,210
Loan advances	△8,381	△8,656
Proceeds from collection of loans receivable	4,608	5,180
Payments of guarantee deposits	△19,493	△18,765
Proceeds from refund of guarantee deposits	57,047	12,515
Subsidies received	169,936	368,428
Payments into time deposits	△14,995	△10,012
Proceeds from withdrawal of time deposits	14,743	10,000
Other, net	△102,283	△1,301
Net cash provided by (used in) investing activities	△1,310,045	△2,439,549
Cash flows from financing activities		
Repayments of short-term borrowings	△200,000	—
Repayments of long-term borrowings	△187,500	△62,500
Dividends paid	△572,927	△766,229
Dividends paid to non-controlling interests	△63,820	△73,079
Repayments of lease liabilities	△34,320	△34,318
Proceeds from exercise of employee share options	11,983	4,576
Net cash provided by (used in) financing activities	△1,046,585	△931,551
Effect of exchange rate change on cash and cash equivalents	416,296	188,972
Net increase (decrease) in cash and cash equivalents	880,708	△623,221
Cash and cash equivalents at beginning of period	18,218,367	21,651,741
Cash and cash equivalents at end of period	19,099,075	21,028,519