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October 28, 2022

Consolidated Financial Results for the Six Months Ended September 30, 2022 (Japanese GAAP)

Company name: Prestige International Inc.
 Listing: Tokyo Stock Exchange Prime Market
 Securities code: 4290
 URL: <http://www.prestigein.com/>
 Representative: Shinichi Tamagami, Representative Director, President and Group CEO
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 Scheduled date to file quarterly securities report: November 11, 2022
 Scheduled date to commence dividend payments: December 5, 2022

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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	26,179	17.4	3,839	25.3	4,039	28.8	2,458	32.7
September 30, 2021	22,293	12.9	3,063	17.3	3,136	19.2	1,853	19.0

(Note) Comprehensive income For the Six months ended September 30, 2022: ¥3,648 million [74.4%]
 For the Six months ended September 30, 2021: ¥2,091 million [14.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	19.26	19.17
September 30, 2021	14.46	14.39

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	57,669	39,683	64.6
March 31, 2022	54,028	36,566	63.5

Reference: Equity

As of September 30, 2022 : ¥37,257 million
 As of March 31, 2022 : ¥34,309 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, 2022	—	4.00	—	4.50	8.50
Fiscal year ended March 31, 2023	—	5.00			
Fiscal year ended March 31, 2023 (Forecast)			—	5.00	10.00

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

3. Forecast of consolidated financial results for the year ending March 31, 2023

	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	53,000	13.4	7,900	15.5	8,150	14.0	4,900	12.5	38.36

(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, 2022 : | 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: | Yes |
| 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, 2022	128,412,700 shares	As of March 31, 2022	128,192,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	580,708 shares	As of March 31, 2022	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, 2022	127,653,875 shares	As of September 30, 2021	128,146,492 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	18,237,698	19,119,198
Accounts receivable – trade	4,730,591	5,004,712
Advances paid	5,410,483	7,007,214
Merchandise and finished goods	40,462	59,568
Work in process	141,864	202,134
Raw materials and supplies	64,548	70,162
Other	3,360,757	3,377,615
Allowance for doubtful accounts	△783,531	△913,702
Total current assets	31,202,874	33,926,903
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,488,542	11,306,231
Other, net	1,738,935	1,750,513
Total property, plant and equipment	13,227,478	13,056,744
Intangible assets		
Other	1,811,287	1,804,668
Total intangible assets	1,811,287	1,804,668
Investments and other assets		
Investment securities	6,791,947	7,962,693
Other	1,067,626	989,420
Allowance for doubtful accounts	△72,463	△71,013
Total investments and other assets	7,787,111	8,881,099
Total non-current assets	22,825,877	23,742,512
Total assets	54,028,751	57,669,416

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,085,324	1,325,939
Short-term borrowings	875,000	675,000
Income taxes payable	1,513,110	1,276,213
Contract liabilities	4,633,298	5,535,460
Provision for bonuses	920,316	794,706
Reserve for fulfillment of guarantees	124,846	187,509
Other	5,420,058	5,430,513
Total current liabilities	14,571,954	15,225,342
Non-current liabilities		
Long-term borrowings	375,000	187,500
Retirement benefit liability	6,494	9,109
Asset retirement obligations	1,844,893	1,855,752
Other	664,180	707,845
Total non-current liabilities	2,890,568	2,760,207
Total liabilities	17,462,523	17,985,549
Net assets		
Shareholders' equity		
Share capital	1,519,708	1,561,559
Capital surplus	2,788,977	2,831,189
Retained earnings	28,685,255	30,569,837
Treasury shares	△418,158	△418,158
Total shareholders' equity	32,575,782	34,544,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	608,758	730,092
Foreign currency translation adjustment	1,124,819	1,983,027
Total accumulated other comprehensive income	1,733,577	2,713,119
Share acquisition rights	207,798	230,309
Non-controlling interests	2,049,069	2,196,008
Total net assets	36,566,228	39,683,866
Total liabilities and net assets	54,028,751	57,669,416

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

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	22,293,465	26,179,880
Cost of sales	17,118,955	19,849,895
Gross profit	5,174,509	6,329,985
Selling, general and administrative expenses	※1 2,110,749	※1 2,490,188
Operating profit	3,063,759	3,839,796
Non-operating income		
Interest income	1,240	2,710
Interest on securities	77,866	111,394
Dividend income	6,213	6,433
Share of profit of entities accounted for using equity method	23,027	125,877
Other	12,209	37,608
Total non-operating income	120,557	284,025
Non-operating expenses		
Interest expenses	1,615	3,244
Foreign exchange losses	9,991	59,742
Other	36,586	21,482
Total non-operating expenses	48,192	84,469
Ordinary profit	3,136,124	4,039,352
Extraordinary income		
Gain on sale of non-current assets	※2 548	※2 818
Subsidy income	1,594	9,636
Other	—	1,130
Total extraordinary income	2,143	11,584
Extraordinary losses		
Loss on sale of non-current assets	※3 21	※3 9
Loss on retirement of non-current assets	※4 31,894	—
Loss on tax purpose reduction entry of non- current assets	1,594	9,636
Impairment losses	366	613
Loss on valuation of investment securities	—	3,860
Total extraordinary losses	33,877	14,119
Profit before income taxes	3,104,391	4,036,818
Income taxes - current	1,098,610	1,356,695
Income taxes - deferred	△19,294	10,200
Total income taxes	1,079,316	1,366,896
Profit	2,025,074	2,669,921
Profit attributable to non-controlling interests	171,584	211,087
Profit attributable to owners of parent	1,853,490	2,458,834

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,025,074	2,669,921
Other comprehensive income		
Valuation difference on available-for-sale securities	54,368	119,934
Foreign currency translation adjustment	12,437	858,208
Total other comprehensive income	66,806	978,142
Comprehensive income	2,091,881	3,648,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,918,929	3,438,376
Comprehensive income attributable to non-controlling interests	172,951	209,688

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,104,391	4,036,818
Depreciation	680,565	867,563
Amortization of goodwill	—	3,075
Increase (decrease) in allowance for doubtful accounts	81,195	125,939
Increase (decrease) in provision for bonuses	116,121	△125,914
Increase (decrease) in Reserve for fulfillment of guarantees	15,552	62,663
Interest and dividend income	△85,320	△120,538
Loss (gain) on sale of property, plant and equipment and intangible assets	△527	△808
Interest expenses	1,615	3,244
Foreign exchange losses (gains)	30,573	35,862
Share of loss (profit) of entities accounted for using equity method	△23,027	△125,877
Subsidy income	△1,594	△9,636
Loss on tax purpose reduction entry of non-current assets	1,594	9,636
Loss on retirement of non-current assets	31,931	6,477
Impairment losses	366	613
Loss (gain) on sale of investment securities	—	△1,130
Loss (gain) on valuation of investment securities	—	4,666
Decrease (increase) in trade receivables	△342,456	△209,258
Decrease (increase) in inventories	△48,688	△80,254
Decrease (increase) in advances paid	△391,427	△1,354,208
Decrease (increase) in other assets	△309,120	61,391
Increase (decrease) in trade payables	43,136	175,549
Increase (decrease) in other liabilities	276,322	219,268
Increase (decrease) in accrued consumption taxes	△133,461	△195,462
Increase (decrease) contract liabilities	749,464	862,147
Other, net	42,549	49,772
Subtotal	3,839,757	4,301,600
Income taxes paid	△1,051,706	△1,604,168
Interest and dividends received	96,797	126,754
Interest paid	△1,612	△3,143
Net cash provided by (used in) operating activities	2,883,235	2,821,042

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	△2,347,727	△764,336
Proceeds from sale of property, plant and equipment and intangible assets	593	74,643
Purchase of investment securities	△540,609	△729,946
Proceeds from sale of investment securities	—	8,411
Loan advances	△480	△8,381
Proceeds from collection of loans receivable	3,377	4,608
Payments of guarantee deposits	△63,181	△19,493
Proceeds from refund of guarantee deposits	33,405	57,047
Subsidies received	35,177	169,936
Payments into time deposits	△13,982	△14,995
Proceeds from withdrawal of time deposits	13,720	14,743
Other, net	△1,414	△102,283
Net cash provided by (used in) investing activities	△2,881,121	△1,310,045
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	—
Repayments of short-term borrowings	—	△200,000
Repayments of long-term borrowings	△125,000	△187,500
Proceeds from issuance of shares	32,007	—
Dividends paid	△446,342	△572,927
Dividends paid to non-controlling interests	△56,229	△63,820
Repayments of lease liabilities	△19,890	△34,320
Proceeds from exercise of employee share options	332	11,983
Net cash provided by (used in) financing activities	384,877	△1,046,585
Effect of exchange rate change on cash and cash equivalents	△10,235	416,296
Net increase (decrease) in cash and cash equivalents	376,756	880,708
Cash and cash equivalents at beginning of period	16,291,368	18,218,367
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	54,224	—
Cash and cash equivalents at end of period	※1 16,722,349	※1 19,099,075