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Consolidated Financial Results for the Year Ended September 30, 2023 [Japanese GAAP]

November 14, 2023

Company name: Japan Ecosystem Co., Ltd.

Stock exchange listing: Tokyo, Nagoya

Code number: 9249

URL: <https://www.jp-eco.co.jp/>

Representative: Minoru Matsushima

President

Contact: Atsuhiko Ino

Director in charge of the Management Division

Phone: +81-586 - 64 - 9249

Scheduled date of Annual General Meeting of Shareholders: December 26, 2023

Scheduled date of commencing dividend payments: December 27, 2023

Scheduled date of filing annual securities report: December 27, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (October 1, 2022 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2023	7,577	4.9	635	(20.4)	685	(20.0)	874	114.3
September 30, 2022	7,220	3.4	798	3.7	856	6.9	408	(28.7)

(Note) Comprehensive income: Fiscal year ended September 30, 2023: ¥ 914 million [122.2%]

Fiscal year ended September 30, 2022: ¥ 411 million [(30.0) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2023	324.40	319.56	21.3	9.2	8.4
September 30, 2022	153.17	150.42	14.1	13.7	11.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended September 30, 2023: ¥ - million

Fiscal year ended September 30, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	8,373	4,538	53.2	1,652.17
September 30, 2022	6,487	3,795	57.6	1,386.92

(Reference) Equity: As of September 30, 2023: ¥ 4,456 million

As of September 30, 2022: ¥ 3,738 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended September 30, 2023	831	352	(425)	1,854
September 30, 2022	884	(743)	263	1,095

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2022	-	10.00	-	40.00	50.00	134	32.6	4.1
September 30, 2023	-	25.00	-	26.00	51.00	137	15.7	3.4
Fiscal year ending September 30, 2024 (Forecast)	-	26.00	-	26.00	52.00		25.4	

(Note) Breakdown of the year-end dividend for the fiscal year ended September 30, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(% indicates changes from the previous corresponding period.)

	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	9,133	20.5	806	26.8	839	22.5	552	(36.8)	204.85

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) 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 other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

September 30, 2023: 2,697,600 shares

September 30, 2022: 2,695,400 shares

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

September 30, 2023: - shares

September 30, 2022: - shares

3) Average number of shares outstanding during the period:

Fiscal Year ended September 30, 2023: 2,696,071 shares

Fiscal Year ended September 30, 2022: 2,663,938 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended September 30, 2023 (October 1, 2022 to September 30, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	4,214	(6.7)	302	(32.6)	290	(40.8)	459	76.9
September 30, 2022	4,515	1.7	449	(11.3)	490	(2.7)	259	(27.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
September 30, 2023	170.45	167.91
September 30, 2022	97.52	95.77

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	5,150	3,654	70.9	1,354.25
September 30, 2022	4,581	3,349	73.1	1,242.81

(Reference) Equity: As of September 30, 2023: ¥ 3,653 million
As of September 30, 2022: ¥ 3,349 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	1,217,145	2,070,500
Electronically recorded monetary claims - operating	-	101,395
Notes and accounts receivable - trade, and contract assets	933,466	1,054,946
Inventories	352,753	389,526
Other	72,799	208,089
Total current assets	2,576,164	3,824,457
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,620,038	2,065,180
Machinery, equipment and vehicles	1,604,292	1,790,986
Tools, furniture and fixtures	863,834	877,807
Land	1,254,807	1,684,288
Leased assets	368,372	124,310
Construction in progress	125,591	199,121
Accumulated depreciation	(2,524,771)	(2,984,147)
Total property, plant and equipment	3,312,165	3,757,547
Intangible assets		
Software	95,116	70,039
Goodwill	980	88,321
Other	11,547	55,763
Total intangible assets	107,644	214,124
Investments and other assets		
Investment securities	223,499	227,548
Deferred tax assets	139,075	108,287
Other, net	126,857	240,307
Total investments and other assets	489,432	576,143
Total non-current assets	3,909,243	4,547,816
Deferred assets	1,961	1,470
Total assets	6,487,369	8,373,744

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	172,253	300,800
Electronically recorded obligations - operating	-	56,826
Short-term borrowings	10,000	310,000
Current portion of bonds payable	57,000	62,000
Current portion of long-term borrowings	419,932	481,775
Lease liabilities	11,043	2,302
Income taxes payable	181,554	257,123
Other	524,226	835,119
Total current liabilities	1,376,010	2,305,948
Non-current liabilities		
Bonds payable	172,000	115,000
Long-term borrowings	975,405	1,080,867
Retirement benefit liability	-	57,804
Lease liabilities	103	4,397
Deferred tax liabilities	27,628	50,596
Asset retirement obligations	97,681	98,152
Long-term accounts payable - other	18,531	118,080
Other	24,949	4,516
Total non-current liabilities	1,316,299	1,529,413
Total liabilities	2,692,310	3,835,361
Net assets		
Shareholders' equity		
Share capital	761,166	762,266
Capital surplus	672,277	673,377
Retained earnings	2,302,662	3,002,038
Total shareholders' equity	3,736,106	4,437,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,203	19,198
Total accumulated other comprehensive income	2,203	19,198
Share acquisition rights	-	1,361
Non-controlling interests	56,748	80,140
Total net assets	3,795,059	4,538,382
Total liabilities and net assets	6,487,369	8,373,744

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended September 30, 2022	For the fiscal year ended September 30, 2023
Net sales	7,220,655	7,577,563
Cost of sales	5,158,232	5,374,246
Gross profit	2,062,422	2,203,316
Selling, general and administrative expenses	1,263,594	1,567,577
Operating profit	798,828	635,739
Non-operating income		
Interest income	75	281
Dividend income	2,510	9,183
Insurance claim income	2,813	48,324
Subsidy income	21,397	17,098
Surrender value of insurance policies	43,266	10,390
Gain on sale of non-current assets	4,925	12,626
Other	14,765	9,851
Total non-operating income	89,755	107,756
Non-operating expenses		
Interest expenses	8,685	8,757
Loss on investments in silent partnerships	118	41,236
Listing expenses	20,526	-
Other	2,615	8,302
Total non-operating expenses	31,946	58,295
Ordinary profit	856,637	685,200
Extraordinary income		
Gain on sale of non-current assets	-	428,136
Gain on sale of investment securities	-	32,432
Gain on bargain purchase	-	191,387
Total extraordinary income	-	651,956
Extraordinary losses		
Loss on step acquisitions	23,220	-
Impairment losses	178,882	22,896
Loss on disposal of non-current assets	-	34,013
Other	-	3,624
Total extraordinary losses	202,102	60,535
Profit before income taxes	654,535	1,276,621
Income taxes - current	284,934	359,751
Income taxes - deferred	(43,495)	18,871
Total income taxes	241,439	378,623
Profit	413,095	897,998
Profit attributable to non-controlling interests	5,054	23,391
Profit attributable to owners of parent	408,041	874,606

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended September 30, 2022	For the fiscal year ended September 30, 2023
Profit	413,095	897,998
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,331)	16,994
Total other comprehensive income	(1,331)	16,994
Comprehensive income	411,764	914,993
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	406,710	891,601
Comprehensive income attributable to non-controlling interests	5,054	23,391

Consolidated Statements of Changes in Equity
For the fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	88,888	-	1,971,375	2,060,264	3,535	3,535	-	51,694	2,115,494
Changes during period									
Issuance of new shares	672,277	672,277		1,344,555					1,344,555
Dividends of surplus			(76,755)	(76,755)					(76,755)
Profit attributable to owners of parent			408,041	408,041					408,041
Net changes in items other than shareholders' equity					(1,331)	(1,331)	-	5,054	3,722
Total changes during period	672,277	672,277	331,286	1,675,842	(1,331)	(1,331)	-	5,054	1,679,565
Balance at end of period	761,166	672,277	2,302,662	3,736,106	2,203	2,203	-	56,748	3,795,059

For the fiscal year ended September 30, 2023

(Thousands of yen)

	Shareholders' equity				Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	761,166	672,277	2,302,662	3,736,106	2,203	2,203	-	56,748	3,795,059
Changes during period									
Issuance of new shares	1,100	1,100		2,200					2,200
Dividends of surplus			(175,231)	(175,231)					(175,231)
Profit attributable to owners of parent			874,606	874,606					874,606
Net changes in items other than shareholders' equity					16,994	16,994	1,361	23,391	41,747
Total changes during period	1,100	1,100	699,375	701,575	16,994	16,994	1,361	23,391	743,323
Balance at end of period	762,266	673,377	3,002,038	4,437,682	19,198	19,198	1,361	80,140	4,538,382

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended September 30, 2022	For the fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	654,535	1,276,621
Depreciation	369,029	322,682
Impairment losses	178,882	22,896
Gain on bargain purchase	-	(191,387)
Loss (gain) on disposal of non-current assets	-	34,013
Loss (gain) on investments in silent partnerships	118	41,236
Loss (gain) on sale of investment securities	-	(32,266)
Loss (gain) on sale of non-current assets	(4,925)	(440,762)
Interest and dividend income	(2,586)	(9,465)
Interest expenses	8,685	8,757
Listing expenses	20,526	-
Loss (gain) on step acquisitions	23,220	-
Decrease (increase) in trade receivables	63,290	142,262
Decrease (increase) in inventories	(1,415)	(23,310)
Decrease (increase) in investments in leases	15,025	4,865
Increase (decrease) in trade payables	(129,237)	36,969
Increase (decrease) in advances received on uncompleted construction	(86,835)	17,929
Increase (decrease) in accounts payable - other	36,280	31,361
Increase (decrease) in accrued consumption taxes	(83,843)	3,417
Other, net	112,226	(56,486)
Subtotal	1,172,976	1,189,336
Interest and dividends received	2,586	9,465
Interest paid	(8,709)	(8,925)
Income taxes paid	(282,728)	(357,933)
Net cash provided by (used in) operating activities	884,125	831,941
Cash flows from investing activities		
Payments into time deposits	(12,405)	(44,700)
Proceeds from withdrawal of time deposits	12,534	88,021
Purchase of property, plant and equipment	(471,717)	(422,859)
Proceeds from sale of property, plant and equipment	-	724,783
Purchase of intangible assets	(48,624)	(51,058)
Purchase of insurance funds	-	(50,088)
Purchase of investment securities	(176,459)	(24,039)
Proceeds from sale of investment securities	-	150,129
Payments for acquisition of businesses	-	(24,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(46,178)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	7,442
Other, net	(338)	(1,208)
Net cash provided by (used in) investing activities	(743,190)	352,420

(Thousands of yen)

	For the fiscal year ended September 30, 2022	For the fiscal year ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(340,000)	70,000
Proceeds from issuance of share acquisition rights	-	1,361
Proceeds from long-term borrowings	100,000	485,000
Repayments of long-term borrowings	(637,144)	(735,746)
Redemption of bonds	(57,000)	(62,000)
Proceeds from issuance of shares	1,324,028	2,200
Dividends paid	(76,731)	(175,106)
Repayments of lease liabilities	(50,138)	(11,043)
Net cash provided by (used in) financing activities	263,014	(425,334)
Effect of exchange rate change on cash and cash equivalents	36	1
Net increase (decrease) in cash and cash equivalents	403,985	759,028
Cash and cash equivalents at beginning of period	691,539	1,095,525
Cash and cash equivalents at end of period	1,095,525	1,854,553