

FY 2025/9 Q1 Summary of Financial Results [IFRS] (Consolidated)

February 14, 2025

Name of issuing company: RECOMM Co., Ltd.

Listed on:

TSE

Code: 3323

URL: <https://www.recomm.co.jp>

Representative: (Title) President and Group CEO

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Planned date of commencement of payment of dividends —

Supplementary materials prepared on financial results : Y

Briefing planned on financial results: : N

(Figures rounded down to the nearest million yen)

1. FY 2025/9 Q1 consolidated results (October 1, 2024, to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate YoY changes)

	Net sales		Operating income		Income before taxes		Income		Net income attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
FY 2025/9 Q1 financial results	3,222	12.7	46	—	38	(15.1)	16	(60.0)	27	(38.9)	230	—
FY 2024/9 Q1 financial results	2,858	32.7	2	—	45	—	42	—	45	—	11	—

	EBITDA *1		Basic income per share		Diluted income per share	
	million yen	%	Yen		Yen	
FY 2025/9 Q1 financial results	91	119.2	0.33		0.33	
FY 2024/9 Q1 financial results	41	34.5	0.55		0.55	

(Note) *1 EBITDA (earnings before interest, taxes, depreciation, and amortization) is calculated as operating income + depreciation and amortization

(2) Consolidated financial standing

	Total assets	Total capital	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	million yen	million yen	million yen	%
FY 2025/9 Q1 financial results	12,826	5,395	5,061	39.5
FY 2024/9	12,645	5,294	4,963	39.3

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2024/9	—	0.00	—	1.60	1.60
FY 2025/9	—	—	—	—	—
2025/9 (projected)	—	0.00	—	1.60	1.60

(Note) Revision from most recently announced dividends forecasts : N

3. FY 2025/9 consolidated financial results forecasts (October 1, 2024, to September 30, 2025)

(Percentages indicate YoY changes)

	Net sales		Operating income		Income before taxes		Net income		Net income attributable to owners of the parent		Basic net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	Yen
Second quarter (cumulative)	6,800	23.6	220	23.2	220	3.5	150	11.3	120	(6.5)	1.48
Full year	14,800	26.6	700	159.8	700	127.9	500	249.7	430	412.3	5.29

(Note) Revision from most recently dividends forecasts of financial results : N

* Notes:

(1) Material changes to scope of consolidation during cumulative period through the quarter under review : N

New — company/ies (Name) , Removed — company/ies (Name)

(2) Changes to accounting policies/changes to accounting estimates

(i) Changes to accounting policies required by IFRS : N

(ii) Changes to accounting policies other than those under (i) : N

(iii) Changes to accounting estimates : N

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at end of period (including treasury shares)	FY 2025/9 Q1	82,630,255	shares	FY 2024/9	82,630,255	shares
(ii) Number of treasury shares at end of period	FY 2025/9 Q1	1,410,600	shares	FY 2024/9	1,410,600	shares
(iii) Average number of shares during period (quarterly cumulative)	FY 2025/9 Q1	81,219,655	shares	FY 2024/9 Q1	81,219,655	shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or audit firm. : N

* Explanation of appropriate use of performance forecasts and other notes

Performance forecasts and other forward-looking statements contained in this document are based on information available to the Company at the time of preparation and certain assumptions considered reasonable. Actual results may differ considerably because of various factors.

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1. Qualitative information on quarterly financial results

(1) Description of business results

(1) Overview of business results etc.

In the first quarter of the consolidated fiscal year under review, Japan's economy showed a gentle recovery trend. However, future prospects remained uncertain due to factors such as geopolitical risks, concerns about the Chinese economic outlook, rising corporate bankruptcies, exchange rate volatility, and inflation. In the global economy, future prospects remained uncertain in light of such factors as monetary tightening in response to persistent inflation, an economic downturn in China due to slow domestic demand, and rising geopolitical risks in Ukraine, the Middle East, and elsewhere.

In the information and communications technology (ICT) industry in which the Company operates, the leasing volume of ICT devices and office equipment was in a recovery trend.

Under such economic conditions, the Group's growth strategy is to become a global specialized trading company, focusing on expanding its overseas solutions businesses, developing and increasing sales of digital transformation (DX) and decarbonization products and services, and building up recurring revenue streams.

Financial results in the first quarter of the consolidated fiscal year under review show an increase of 12.7% YoY in net sales to 3,222 million yen and a sharp increase in operating income to 46 million yen (vs. 2 million yen in the same quarter of the previous fiscal year) thanks to favorable performance by the overseas solutions business. Income attributable to owners of the parent decreased by 38.9% year-on-year to 27 million yen, primarily due to a lower share of profits from entities accounted for using the equity method.

Results by segment are reviewed below.

(I) Domestic solutions businesses

In the directly operated branch sales channel, the Company focused on efficient operations using customer databases and enhancing new customer acquisition. It strengthened sales of LED lighting and air conditioners to support carbon neutrality at corporate customers and conducted solution sales to meet the demand for enhanced network security. As a result, net sales in this channel were up 4.9% YoY to 590 million yen.

In the franchise sales channel, the Company deployed sales methods from directly operated branches to franchises and provided sales support. As a result, net sales in this channel were down 40.3% YoY to 177 million yen in part because of the impact of a rights transfer by one franchisee.

In the agent channel, the Company focused on the development of agents for its leading LED products, which help reduce electricity charges, and security solutions. As a result, net sales in this channel were down 17.3% YoY to 230 million yen.

As a result of the above factors, net sales of domestic solutions businesses were down 12.4% YoY to 999 million yen. Segment income/loss resulted in a loss of 6 million yen due to lower sales and other factors (compared to a profit of 10 million yen in the same quarter of the previous fiscal year).

(II) BPR (*1) business

The BPR business strived to develop new customers while also securing orders for adoption of robotic process automation (RPA) and AI-OCR and for business process outsourcing (BPO) through consulting sales. Our BPO centers focused on improving business efficiency and quality by promoting business automation using RPA and other solutions.

As a result, net sales were up 14.2% YoY to 173 million yen. Segment income was down 59.3% YoY to 4 million yen as efforts to improve business productivity were insufficient to offset higher costs due to the weaker yen and increased costs associated with hiring key personnel.

*1 Business process reengineering

(III) Overseas solutions businesses

The overseas solutions business performed well due to the consolidation of TAKNET SYSTEMS PTE LTD (TAKNET), which sells AI servers in Singapore, and the steady performance of two Malaysian subsidiaries. On the other hand, performance of the direct sales business, which mainly targets Japanese firms, was slow. As a result, net income in this segment was up 30.8% YoY to 2,049 million yen, while segment income was up 2.7% YoY to 81 million yen.

Segment		Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)	YoY (%)
Domestic solutions businesses	Directly operated branches (thousand yen)	590,431	104.9
	Franchises (thousand yen)	177,714	59.7
	Agents (thousand yen)	230,976	82.7
	Total (thousand yen)	999,122	87.6
Overseas solutions businesses (thousand yen)		2,049,671	130.8
BPR business (thousand yen)		173,565	114.2
Total (thousand yen)		3,222,359	112.7

(Note) 1. Transactions between segments have been eliminated through offsetting.

2. The amounts above do not include consumption tax etc.

(2) Description of financial standing

(1) Analysis of financial standing

In the first quarter of the consolidated fiscal year under review, assets were up 181 million yen from the end of the previous consolidated fiscal year to 12,826 million yen. This was primarily due to an increase of 186 million yen in inventories.

Liabilities were up 80 million yen from the end of the previous consolidated fiscal year to 7,430 million yen. This was due to an increase of 343 million yen in interest-bearing debt, offset by decreases of 59 million yen in trade and other payables, 125 million yen in other current liabilities, and 50 million yen in income tax payable.

Total capital was up 100 million yen from the end of the previous consolidated fiscal year to 5,395 million yen. This was due to a decrease of 102 million yen from dividend payments, offset by a 200 million yen increase in other components of capital and retained earnings exceeding income for the quarter.

(2) Consolidated cash flows

Cash and cash equivalents at the end of Q1 of the consolidated fiscal year under review increased by 430 million yen from the same period last year to 2,933 million yen. Operating activities used 239 million yen, investing activities used 52 million yen, and financing activities provided 186 million yen.

Cash flow in the Q1 of the consolidated fiscal year under review is reviewed below.

(Cash flow from/used in operating activities)

Funds used in operating activities totaled 239 million yen. This was due mainly to decreases of 38 million yen in income before taxes, 207 million yen in trade rights and other rights, an increase of 135 million yen in inventories, a decrease of 144 million yen in accounts payable-trade and other payables, and payment of income taxes.

(Cash flow from/used in investing activities)

Funds used in investing activities totaled 52 million yen. This was due mainly to payments into other time deposits.

(Cash flow from/used in financing activities)

Funds from financing activities totaled 186 million yen. This was due mainly to an increase of 324 million yen in loans payable and payment of 116 million yen in dividends, among other factors.

(3) Explanation of forecasts of consolidated financial results and other forward-looking information

The consolidated financial forecasts remain unchanged from those announced in the FY 2024/9 Financial Results Summary issued on November 14, 2024.

2. Summary quarterly consolidated financial statements and major notes

(1) Summary quarterly consolidated financial statements

(Unit: thousand yen)

	Notes	Previous consolidated fiscal year (September 30, 2024)	Q1 of the consolidated fiscal year under review (December 31, 2024)
Assets			
Current assets			
Cash and cash equivalents		2,975,680	2,933,443
Accounts receivable-trade and other receivables		2,703,169	2,590,163
Inventories		2,351,585	2,538,003
Securities and other financial assets		82,200	131,116
Other current assets		251,874	292,697
Total current assets		8,364,511	8,485,424
Noncurrent assets			
Investments accounted for by equity method		420,700	428,360
Securities and other financial assets		181,556	180,418
Property, plant, and equipment		654,901	669,543
Right-of-use assets		393,290	376,318
Goodwill		2,376,309	2,448,356
Customer-related assets		9,201	342
Other intangible assets		112,576	106,679
Deferred tax assets		131,861	130,964
Other noncurrent assets		721	397
Total noncurrent assets		4,281,119	4,341,380
Total assets		12,645,630	12,826,805

(Unit: thousand yen)			
	Notes	Previous consolidated fiscal year (September 30, 2024)	Q1 of the consolidated fiscal year under review (December 31, 2024)
Liabilities and capital			
Liabilities			
Current liabilities			
Accounts payable-trade and other payables		1,450,399	1,390,990
Loans payable		2,788,272	3,239,669
Lease liabilities		78,828	83,456
Income tax payable		158,212	107,843
Contract liabilities		213,094	201,977
Other current liabilities		324,153	198,359
Total current liabilities		5,012,960	5,222,296
Noncurrent liabilities			
Loans payable		1,636,525	1,529,026
Lease liabilities		323,548	303,097
Reserves		7,625	7,625
Other noncurrent liabilities		244,960	244,839
Deferred tax liabilities		125,077	124,003
Total noncurrent liabilities		2,337,738	2,208,591
Total liabilities		7,350,699	7,430,888
Capital			
Capital stock		2,447,952	2,447,952
Capital surplus		2,498,488	2,498,488
Retained earnings		(514,286)	(616,684)
Treasury stock		(110,548)	(110,548)
Other components of capital		642,037	842,379
Equity attributable to owners of the parent		4,963,643	5,061,587
Noncontrolling interests		331,288	334,329
Total capital		5,294,931	5,395,917
Total liabilities and capital		12,645,630	12,826,805

(2) Summary quarterly consolidated statement of profit and loss and summary quarterly consolidated statements of comprehensive income

Summary quarterly consolidated statements of profit and loss

Cumulative period through Q1 of the consolidated fiscal year under review

(Unit: thousand yen)

	Notes	Cumulative period through Q1 of the previous consolidated fiscal year (From October 1, 2023 to December 31, 2023)	Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)
Net sales		2,858,770	3,222,359
Cost of sales		2,173,094	2,508,214
Gross profit		685,676	714,145
Selling, general, and administrative expenses		690,800	705,129
Other revenues		7,785	39,850
Other expenses		284	1,885
Operating income		2,376	46,980
Financial revenues		5,805	6,528
Financial expenses		30,634	24,745
Share of profit of entities accounted for using equity method		67,637	9,612
Income before taxes		45,184	38,376
Income tax expense		3,075	21,514
Income		42,109	16,862
Income attributable to			
Interests of owners of the parent		45,105	27,552
Noncontrolling interests		(2,996)	(10,690)
Income		42,109	16,862
Income per share			
Basic income per share (yen)		0.55	0.33
Diluted income per share (yen)		0.55	0.33

Summary quarterly consolidated statement of comprehensive income

Cumulative period through Q1 of the consolidated fiscal year under review

(Unit: thousand yen)

	Notes	Cumulative period through Q1 of the previous consolidated fiscal year (October 1, 2023, December 31, 2023)	Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)
Income		42,109	16,862
Other comprehensive income			
Items not transferred to net income			
Fluctuations in fair values of financial assets measured through other comprehensive income		—	—
Total items not transferred to net income		—	—
Items transferrable to net income			
Difference on conversion from sales units abroad		(22,880)	194,609
Amount equivalent to equity in other comprehensive income of affiliates		(7,716)	19,464
Total items transferrable to net income		(30,597)	214,074
Total other comprehensive income		(30,597)	214,074
Comprehensive income		11,511	230,936
Comprehensive income attributable to			
Interests of owners of the parent		6,508	227,895
Noncontrolling interests		5,002	3,040
Total comprehensive income		11,511	230,936

(3) Summary quarterly consolidated statements of changes in equity

Cumulative period through Q1 of the previous consolidated fiscal year (From October 1, 2023 to December 31, 2023)

(Unit: thousand yen)

	Notes	Equity attributable to owners of the parent						Noncontrolling interests	Total capital
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of capital	Total		
Balance on October 1, 2023		2,447,952	2,498,118	(461,276)	(110,548)	315,793	4,690,038	263,808	4,953,847
Net income				45,105			45,105	(2,996)	42,109
Other comprehensive income						(38,596)	(38,596)	7,999	(30,597)
Comprehensive income		—	—	45,105	—	(38,596)	6,508	5,002	11,511
Changes									
Dividends of surplus (cash)				(129,947)			(129,947)		(129,947)
Other changes			370				370	(370)	—
Total changes		—	370	(129,947)	—	—	(129,576)	(370)	(129,947)
Balance on December 31, 2023		2,447,952	2,498,488	(546,118)	(110,548)	277,196	4,566,970	268,441	4,835,412

Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)

(Unit: thousand yen)

	Notes	Equity attributable to owners of the parent						Noncontrolling interests	Total capital
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of capital	Total		
Balance on October 1, 2024		2,447,952	2,498,488	(514,286)	(110,548)	642,037	4,963,643	331,288	5,294,931
Net income				27,552			27,552	(10,690)	16,862
Other comprehensive income						200,342	200,342	13,731	214,074
Comprehensive income		—	—	27,552	—	200,342	227,895	3,040	230,936
Changes									
Dividends of surplus (cash)				(129,950)			(129,950)		(129,950)
Other changes									
Total changes		—	—	(129,950)	—	—	(129,950)	—	(129,950)
Balance on December 31, 2024		2,447,952	2,498,488	(616,684)	(110,548)	842,379	5,061,587	334,329	5,395,917

(4) Summary quarterly statements of consolidated cash flows

(Unit: thousand yen)

Notes	Cumulative period through Q1 of the previous consolidated fiscal year (October 1, 2023, December 31, 2023)	Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)
Cash flow from/used in operating activities		
Income before taxes	45,184	38,376
Depreciation and amortization	39,554	44,917
Financial revenues	(5,805)	(6,528)
Financial expenses	30,634	24,745
Decrease (increase) in accounts receivable-trade and other receivables	(20,780)	207,657
Decrease (increase) in inventories	122,444	(135,569)
Increase (decrease) in accounts payable-trade and other payables	(89,788)	(144,935)
Decrease (increase) in other current assets	165,277	(1,757)
Increase (decrease) in other current liabilities	(152,145)	(145,936)
Increase (decrease) in other noncurrent liabilities	(16,452)	(1,718)
Other	28,804	(17,123)
Subtotal	146,927	(137,872)
Interest received	3,366	26,201
Interest paid	(4,316)	(23,542)
Income tax paid or refunded	(40,974)	(104,363)
Cash flow from/used in operating activities	105,003	(239,576)
Cash flow from/used in investing activities		
Expenditures on acquisition of property, plant, and equipment and intangible assets	(3,407)	(5,679)
Proceeds from sale of property, plant, and equipment and intangible assets	153	31
Expenditures on pledge of deposits and guarantees	(850)	(658)
Proceeds from recovery of deposits and guarantees	497	1,056
Other	39	(47,300)
Cash flow from/used in investing activities	(3,568)	(52,549)
Cash flow from/used in financing activities		
Increase (decrease) in short-term loans payable	(57,356)	324,102
Expenditures on repayment of lease liabilities	(12,438)	(21,209)
Dividends paid	(109,381)	(116,162)
Cash flow from/used in financing activities	(179,176)	186,729
Conversion difference on cash and cash equivalents	(45,310)	63,160
Increase (decrease) in cash and cash equivalents	(123,051)	(42,236)
Starting balance of cash and cash equivalents	2,625,888	2,975,680
Ending balance of cash and cash equivalents	2,502,837	2,933,443

(5) Notes to the summary quarterly consolidated financial statements

(Notes on the going-concern assumption)

Not applicable.

(Segment information etc.)

(1) Summary of reporting segments

The Company's reporting segments are the Group's business units for which separate financial information is available. They are subject to periodic review by the Board of Directors to make decision on allocation of management resources and assess performance.

The Group operates the domestic solutions businesses, overseas solutions businesses, and the BPR business. Consolidated subsidiaries are independent management units that formulate competitive business strategies and conduct business activities autonomously.

Accordingly, the Company consists of business segments based on consolidated subsidiaries. It has identified the three reporting segments of domestic solutions businesses, overseas solutions businesses, and the BPR business.

The domestic solutions business primarily sells LED lighting and other products for decarbonization, RPA services, business telephones, digital multifunction printers, ReSPR, and other office equipment.

The overseas solutions business sells LED lighting and other products for decarbonization, ICT devices, and ReSPR in China, India, and ASEAN countries.

The business process reengineering (BPR) business handles contracted administrative operations for other organizations within the Group and provides consulting services on proposal of outsourcing and business reforms for customers outside of the Group.

(2) Reporting segment information

Reporting segment income is based on operating income. Transactions between segments are conducted under the same conditions as general commercial transactions.

Cumulative period through Q1 of the previous consolidated fiscal year (From October 1, 2023 to December 31, 2023)

(Unit: thousand yen)

	Reporting segment				Adjustments (Note 1)	Amount on summary quarterly consolidated financial statements
	Domestic solutions businesses	Overseas solutions businesses	BPR business	Total		
Net sales						
Net sales to external customers	1,139,933	1,566,873	151,963	2,858,770	—	2,858,770
Internal sales and transfers between segments	402	8,440	28,283	37,126	(37,126)	—
Total	1,140,335	1,575,314	180,247	2,895,897	(37,126)	2,858,770
Segment income (loss)	10,865	78,989	11,755	101,610	(99,233)	2,376
Financial revenues	6,299	4,785	12,306	23,391	(17,585)	5,805
Financial expenses	1,496	41,079	457	43,033	(12,399)	30,634
Share of profit of entities accounted for using equity method	(1,278)	68,915	—	67,637	—	67,637
Income (loss) before taxes	14,389	111,610	23,605	149,605	(104,420)	45,184

(Note) 1 Adjustments to segment income include elimination of transactions between segments and Company-wide costs not allocated to individual reporting segments.

Cumulative period through Q1 of the consolidated fiscal year under review (From October 1, 2024 to December 31, 2024)

(Unit: thousand yen)

	Reporting segment				Adjustments (Note 1)	Amount on summary quarterly consolidated financial statements
	Domestic solutions businesses	Overseas solutions businesses	BPR business	Total		
Net sales						
Net sales to external customers	999,122	2,049,671	173,565	3,222,359	—	3,222,359
Internal sales and transfers between segments	545	4,232	27,742	32,520	(32,520)	—
Total	999,668	2,053,903	201,307	3,254,879	(32,520)	3,222,359
Segment income (loss)	(6,421)	81,133	4,790	79,501	(32,520)	46,980
Financial revenues	62	28,510	1,179	29,752	(23,224)	6,528
Financial expenses	18,425	19,618	13,392	51,436	(26,690)	24,745
Share of profit of entities accounted for using equity method	(2,277)	11,890	—	9,612	—	9,612
Income (loss) before taxes	(27,062)	101,915	(7,422)	67,430	(29,054)	38,376

(Note) 1 Adjustments to segment income include elimination of transactions between segments and Company-wide costs not allocated to individual reporting segments.

3. Other

Important matters concerning the going-concern assumption

Not applicable.