

Summary of Consolidated Financial Results
For the Year Ended March 31, 2022
(Based on Japanese GAAP)

May 13, 2022

Company name: KYOKUYO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 1301 URL <https://www.kyokuyo.co.jp/en/>

(Yen in millions, rounded down)

1. Consolidated Financial Results for the Year Ended March 31, 2022 (April 1, 2021- March 31, 2022)

(1) Consolidated Result of Operations (cumulative)

(% figures denote year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March 31, 2022	253,575	1.8	6,392	37.2	6,904	41.5	4,634	20.7
Year Ended March 31, 2021	249,197	-5.1	4,657	59.6	4,879	35.2	3,838	88.4

(Note) Comprehensive Income : The year ended March 31, 2022 ¥3,075million (-63.4%)
 The year ended March 31, 2021 ¥8,410 million (445.5%)

	Profit per Share	Diluted Profit Per Share	Profit to Shareholder's Equity ratio	Ordinary Profit to Total Assets ratio	Operating Profit to Net Sales ratio
	Yen	Yen	%	%	%
Year Ended March 31, 2022	430.83	—	11.2	5.6	2.5
Year Ended March 31, 2021	356.95	—	10.5	4.3	1.9

(Reference) Share of profit of entities accounted for using equity method: The year ended March 31, 2022 ¥17million
 The year ended March 31, 2021 ¥86million

(Note) The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are figures after the application of the said accounting standard, etc.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
As at March 31, 2022	130,460	42,174	32.7	3,969.73
As at March 31, 2021	116,331	39,975	34.7	3,753.90

(Reference) Shareholders' Equity : As at March 31, 2022 ¥42,705million
 As at March 31, 2021 ¥40,382 million

(Note) The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are figures after the application of the said accounting standard, etc.

(3) Consolidated Cash Flow

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Equivalents, end of period
	Million yen	Million yen	Million Yen	Million Yen
Year Ended March 31, 2022	-1,128	-5,225	5,743	6,539
Year Ended March 31, 2021	5,997	-527	-4,627	7,097

2. Dividends

	Dividend per share					Total Dividend	Payout Ratio (consolidated)	Ratio of Total Amount of dividends to Net Assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year Ended March 31, 2021	—	—	—	80.00	80.00	864	22.4	2.4
Year Ended March 31, 2022	—	—	—	90.00	90.00	972	20.9	2.3
Year Ending March 31, 2023 (Forecast)	—	—	—	90.00	90.00		19.8	

3. Forecast for the Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% figures denote change from the previous fiscal year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year Ending March 31, 2023	275,000	8.4	7,000	9.5	7,000	1.4	4,900	5.7	455.49

* Notes

(1) Major changes among subsidiaries during period under review: None

(2) Changes in accounting principles and accounting estimates, retrospective restatements:

(i) Changes due to revisions in accounting standards, etc.: Yes

(ii) Changes other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury stock)

As at March 31, 2022	10,928,283	As at March 31, 2021	10,928,283
As at March 31, 2022	170,523	As at March 31, 2021	170,774
As at March 31, 2022	10,757,738	As at March 31, 2021	10,753,590

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the term

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated

(% figures denote year-on-year change)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March 31, 2022	232,745	-5.5	5,279	46.4	5,683	46.8	3,420	-6.3
Year Ended March 31, 2021	246,277	-4.4	3,605	60.0	3,873	70.1	3,652	226.4

	Profit per Share	Diluted Profit Per Share
	Yen	Yen
Year Ended March 31,2022	317.97	—
Year Ended March 31,2021	339.65	—

(2)Non-consolidated Financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
As at March 31, 2022	109,051	32,378	29.7	3,009.78
As at March 31, 2021	102,442	31,528	30.8	2,930.79

(Reference) Shareholders' Equity : As at March 31,2022 ¥32,378million
As at March 31,2021 ¥31,528million

* The summary of financial results is not subject to audits.

*Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters.

The projections and other statements with respect to the future included in this material are based on currently available information and certain assumptions that are judged reasonable by the Company. Please be advised that the Company does not guarantee in any way the achievement of the projections and other goals in this material and that cases may occur where the actual results and other situations differ materially from the projections due to various factors.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As at March 31,2021	As at March 31,2022
Assets		
Current assets		
Cash and deposits	7,100	6,544
Notes and accounts receivable - trade	32,869	28,683
Merchandise and finished goods	32,150	44,997
Work in process	3,667	3,440
Raw materials and supplies	5,942	6,191
Other	4,927	9,678
Allowance for doubtful accounts	(8)	(9)
Total current assets	86,649	99,527
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,512	6,228
Machinery, equipment and vehicles, net	4,070	3,844
Vessels, net	384	347
Land	3,763	3,784
Leased assets, net	345	307
Construction in progress	172	3,944
Other, net	467	440
Total property, plant and equipment	15,715	18,897
Intangible assets		
Leased assets	2	1
Other	415	348
Total intangible assets	417	350
Investments and other assets		
Investment securities	11,682	9,272
Deferred tax assets	566	1,136
Other	2,911	2,873
Allowance for doubtful accounts	(1,612)	(1,597)
Total investments and other assets	13,547	11,685
Total non-current assets	29,681	30,932
Total assets	116,331	130,460

(Million yen)

	As at March 31,2021	As at March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,941	9,950
Short-term borrowings	8,056	15,714
Commercial papers	10,000	15,000
Lease liabilities	143	145
Income taxes payable	1,721	1,081
Provision for bonuses	984	1,044
Provision for bonuses for directors (and other officers)	6	8
Accounts payable - other	6,323	7,791
Other	3,010	6,199
Total current liabilities	39,189	56,936
Non-current liabilities		
Long-term borrowings	32,720	27,021
Lease liabilities	253	240
Deferred tax liabilities	67	—
Provision for special repairs	82	118
Provision for loss on litigation	175	184
Provision for share awards for directors (and other officers)	69	101
Retirement benefit liability	3,764	3,648
Asset retirement obligations	29	29
Long-term accounts payable - other	4	3
Other	0	0
Total non-current liabilities	37,166	31,348
Total liabilities	76,355	88,285
Net assets		
Shareholders' equity		
Share capital	5,664	5,664
Capital surplus	1,329	1,330
Retained earnings	28,737	32,507
Treasury shares	(430)	(429)
Total shareholders' equity	35,300	39,072
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,139	3,234
Deferred gains or losses on hedges	148	343
Foreign currency translation adjustment	95	292
Remeasurements of defined benefit plans	(301)	(237)
Total accumulated other comprehensive income	5,081	3,632
Non-controlling interests	(407)	(530)
Total net assets	39,975	42,174
Total liabilities and net assets	116,331	130,460

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	249,197	253,575
Cost of sales	223,620	225,558
Gross profit	25,576	28,016
Selling, general and administrative expenses		
Selling expenses	14,445	14,636
General and administrative expenses	6,472	6,987
Total selling, general and administrative expenses	20,918	21,624
Operating profit	4,657	6,392
Non-operating income		
Interest income	6	2
Dividend income	132	155
Share of profit of entities accounted for using equity method	86	17
Foreign exchange gains	155	349
Subsidy income	115	198
Insurance claim income	51	116
Other	187	198
Total non-operating income	735	1,038
Non-operating expenses		
Interest expenses	387	391
Provision for loss on litigation	9	9
Provision of allowance for doubtful accounts	(12)	(2)
Other	130	128
Total non-operating expenses	514	526
Ordinary profit	4,879	6,904
Extraordinary income		
Gain on disposal of non-current assets	18	10
National subsidies and other subsidies income	98	39
Gain on sale of investment securities	1,268	0
Gain on forgiveness of debts	165	—
Insurance claim income	125	—
Total extraordinary income	1,676	50
Extraordinary losses		
Loss on disposal of non-current assets	26	8
Impairment losses	660	19
Retirement benefit expenses	—	156
Loss on tax purpose reduction entry of non-current assets	98	37
Loss on valuation of investment securities	—	7
Loss on disaster	141	—
Other	7	—
Total extraordinary losses	934	229
Profit before income taxes	5,621	6,725
Income taxes - current	2,194	2,034
Income taxes - deferred	(242)	89
Total income taxes	1,952	2,124
Profit	3,668	4,601
Profit (loss) attributable to :		
Owners of parent	3,838	4,634
Non-controlling interests	(169)	(33)

Consolidated Statements of Comprehensive Income

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	4,547	(1,904)
Deferred gains or losses on hedges	66	194
Foreign currency translation adjustment	(138)	119
Remeasurements of defined benefit plans, net of tax	266	64
Total other comprehensive income	4,741	(1,526)
Comprehensive income	8,410	3,075
Comprehensive income attributable to :		
Owners of parent	8,598	3,185
Non-controlling interests	(188)	(110)

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31,2020	5,664	1,308	25,895	(471)	32,396
Changes during period					
Dividends of surplus			(754)		(754)
Profit attributable to owners of parent			3,838		3,838
Purchase of treasury shares				(82)	(82)
Disposal of treasury shares		11		123	135
Purchase of shares of consolidated subsidiaries		8			8
Change in scope of consolidation			(241)		(241)
Net changes in items other than shareholders' equity					
Total changes during period	—	20	2,842	41	2,903
Balance at March 31,2021	5,664	1,329	28,737	(430)	35,300

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31,2020	591	82	215	(568)	321	(125)	32,593
Changes during period							
Dividends of surplus							(754)
Profit attributable to owners of parent							3,838
Purchase of treasury shares							(82)
Disposal of treasury shares							135
Purchase of shares of consolidated subsidiaries							8
Change in scope of consolidation							(241)
Net changes in items other than shareholders' equity	4,547	66	(120)	266	4,760	(281)	4,478
Total changes during period	4,547	66	(120)	266	4,760	(281)	7,382
Balance at March 31,2021	5,139	148	95	(301)	5,081	(407)	39,975

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31,2021	5,664	1,329	28,737	(430)	35,300
Changes during period					
Dividends of surplus			(864)		(864)
Profit attributable to owners of parent			4,634		4,634
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				1	1
Purchase of shares of consolidated subsidiaries		1			1
Change in scope of consolidation					
Net changes in items other than shareholders' equity					
Total changes during period	—	1	3,770	0	3,771
Balance at March 31,2022	5,664	1,330	32,507	(429)	39,072

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31,2021	5,139	148	95	(301)	5,081	(407)	39,975
Changes during period							
Dividends of surplus							(864)
Profit attributable to owners of parent							4,634
Purchase of treasury shares							(0)
Disposal of treasury shares							1
Purchase of shares of consolidated subsidiaries							1
Change in scope of consolidation							
Net changes in items other than shareholders' equity	(1,904)	194	196	64	(1,448)	(123)	(1,572)
Total changes during period	(1,904)	194	196	64	(1,448)	(123)	2,199
Balance at March 31,2022	3,234	343	292	(237)	3,632	(530)	42,174

Consolidated Statements of Cash Flows

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,621	6,725
Depreciation	1,941	1,835
Impairment losses	660	19
Increase (decrease) in allowance for doubtful accounts	(180)	(13)
Increase (decrease) in provision for bonuses	42	60
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	2
Increase (decrease) in retirement benefit liability	209	(21)
Increase (decrease) in provision for share awards for directors (and other officers)	10	32
Increase (decrease) in provision for special repairs	9	36
Increase (decrease) in provision for loss on litigation	9	9
Interest and dividend income	(138)	(158)
Interest expenses	387	391
Loss (gain) on valuation of investment securities	—	7
Loss (gain) on sale of investment securities	(1,268)	(0)
Loss (gain) on disposal of non-current assets	8	(1)
Loss on tax purpose reduction entry of non-current assets	98	37
National subsidies and other subsidies income	(98)	(39)
Gain on forgiveness of debts	(165)	—
Decrease (increase) in trade receivables	428	4,482
Decrease (increase) in other receivables	(355)	(4,454)
Decrease (increase) in inventories	(802)	(12,822)
Decrease (increase) in other investments	42	76
Increase (decrease) in trade payables	975	952
Increase (decrease) in other payables	365	4,627
Other, net	(85)	(39)
Sub total	7,715	1,745
Interest and dividends received	135	161
Interest paid	(387)	(389)
National subsidies and other subsidies received	98	39
Income taxes paid	(1,564)	(2,686)
Net cash provided by (used in) operating activities	5,997	(1,128)
Cash flows from investing activities		
Net decrease (increase) in time deposits	196	(2)
Purchase of non-current assets	(2,395)	(4,859)
Proceeds from sale of non-current assets	46	10
Purchase of investment securities	(96)	(325)
Proceeds from sale of investment securities	1,773	1
Loan advances	(75)	(66)
Proceeds from collection of loans receivable	31	41
Other, net	(6)	(25)
Net cash used in investing activities	(527)	(5,225)

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8,927)	1,192
Net increase (decrease) in commercial papers	—	5,000
Proceeds from long-term borrowings	16,078	2,717
Repayments of long-term borrowings	(10,794)	(2,146)
Decrease (increase) in treasury shares	9	(0)
Dividends paid	(754)	(864)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(82)	(4)
Repayments of lease liabilities	(152)	(142)
Other, net	(2)	(7)
Net cash provided by (used in) financing activities	(4,627)	5,743
Effect of exchange rate change on cash and cash equivalents	(58)	53
Net increase (decrease) in cash and cash equivalents	784	(557)
Cash and cash equivalents at beginning of the year	6,313	7,097
Cash and cash equivalents at end of the year	7,097	6,539