

Summary of Consolidated Financial Results
For the Second Quarter of the Year Ending March 31, 2023
(Based on Japanese GAAP)

November 4, 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 Second Quarter of the Year Ending March 31, 2023

(April 1, 2022- September 30, 2022)

(1) Consolidated Result of Operations (cumulative)

(% figures denote change from the same period in the previous fiscal year)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd Quarter of the Year Ending March 31, 2023	133,619	10.5	5,375	66.8	5,805	69.3	4,208	72.6
2nd Quarter of the Year Ended March 31, 2022	120,880	3.4	3,222	133.6	3,428	127.7	2,438	54.5

(Note) Comprehensive Income: Second Quarter of the year ending March 31, 2023 ¥4,432million (78.6%)
 Second Quarter of the year ended March 31, 2022 ¥2,481million (-14.9%)

	Profit per Share	Diluted Profit Per Share
	Yen	Yen
2nd Quarter of the Year Ending March 31, 2023	391.96	—
2nd Quarter of the Year Ended March 31, 2022	226.63	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As at September 30,2022	150,833	45,482	30.5
As at March 31,2022	130,460	42,174	32.7

(Reference) Shareholders' Equity : As at September 30,2022 ¥46,027million
 As at March 31,2022 ¥42,705million

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2022	—	—	—	90.00	90.00
Year Ending March 31, 2023	—	—	—	—	—
Year Ending March,2023 (Forecast)	—	—	—	90.00	90.00

(Note) Revisions to the most recently announced dividends : None

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

(Note) Revisions to the most recently announced forecast : None

* Notes

(1) Major changes among subsidiaries (changes in specified subsidiaries affecting the scope of consolidation) during the period under review: Yes

New: 1 (Company name) Kyokuyo Vina Foods Co.,Ltd. Excluded: — (Company name)

(2) Application of specific accounting treatments in the preparation of quarterly consolidated financial statements: None

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

(i)Changes due to revisions in accounting standards, etc.: None

(ii)Changes other than(i) : None

(iii)Changes in accounting estimates : None

(iv)Retrospective restatements : None

(4) Number of shares issued (common shares)

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

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

(iii)Average number of shares during the period

As at September 30,2022	10,928,283	As at March 31,2022	10,928,283
As at September 30,2022	211,593	As at March 31,2022	170,523
As at September 30,2022	10,735,972	As at September 30,2021	10,757,684

* The summary of quarterly 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.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As at March 31, 2022	As at September 30, 2022
Assets		
Current assets		
Cash and deposits	6,544	6,067
Notes and accounts receivable - trade	28,683	36,889
Inventories	54,629	68,237
Other	9,678	8,687
Allowance for doubtful accounts	(9)	(10)
Total current assets	99,527	119,871
Non-current assets		
Property, plant and equipment	18,897	19,705
Intangible assets	350	361
Investments and other assets		
Investment securities	9,272	8,310
Deferred tax assets	1,136	1,395
Other	2,873	2,787
Allowance for doubtful accounts	(1,597)	(1,597)
Total investments and other assets	11,685	10,894
Total non-current assets	30,932	30,961
Total assets	130,460	150,833

As at March 31, 2022

As at September 30, 2022

	As at March 31, 2022	As at September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,950	10,998
Short-term borrowings	15,714	32,617
Commercial papers	15,000	15,000
Income taxes payable	1,081	2,194
Provisions	1,053	1,008
Accounts payable - other	7,791	5,592
Other	6,344	5,852
Total current liabilities	56,936	73,264
Non-current liabilities		
Long-term borrowings	27,021	27,730
Provisions	404	421
Retirement benefit liability	3,648	3,652
Asset retirement obligations	29	29
Other	244	252
Total non-current liabilities	31,348	32,086
Total liabilities	88,285	105,350
Net assets		
Shareholders' equity		
Share capital	5,664	5,664
Capital surplus	1,330	1,330
Retained earnings	32,507	35,742
Treasury shares	(429)	(575)
Total shareholders' equity	39,072	42,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,234	2,396
Deferred gains or losses on hedges	343	995
Foreign currency translation adjustment	292	664
Remeasurements of defined benefit plans	(237)	(190)
Total accumulated other comprehensive income	3,632	3,865
Non-controlling interests	(530)	(544)
Total net assets	42,174	45,482
Total liabilities and net assets	130,460	150,833

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	120,880	133,619
Cost of sales	106,951	116,774
Gross profit	13,929	16,844
Selling, general and administrative expenses	10,706	11,469
Operating profit	3,222	5,375
Non-operating income		
Interest income	0	0
Dividend income	67	73
Share of profit of entities accounted for using equity method	5	46
Foreign exchange gains	130	365
Insurance claim income	18	164
Subsidy income	137	52
Other	94	105
Total non-operating income	454	809
Non-operating expenses		
Interest expenses	187	216
Loss on abandonment of inventories	16	78
Provision for loss on litigation	4	5
Provision of allowance for doubtful accounts	(0)	—
Other	39	80
Total non-operating expenses	247	379
Ordinary profit	3,428	5,805
Extraordinary income		
Gain on disposal of non-current assets	3	298
Insurance claim income	—	3
National subsidy income	35	—
Total extraordinary income	39	302
Extraordinary losses		
Loss on disposal of non-current assets	2	1
Impairment losses	4	1
Loss on disaster	—	32
Loss on tax purpose reduction entry of non-current assets	33	—
Loss on valuation of investment securities	7	—
Total extraordinary losses	48	35
Profit before income taxes	3,419	6,072
Income taxes - current	993	2,073
Income taxes - deferred	60	(195)
Total income taxes	1,053	1,878
Profit	2,366	4,194
Profit (loss) attributable to :		
Owners of parent	2,438	4,208
Non-controlling interests	(71)	(13)

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	25	(838)
Deferred gains or losses on hedges	(32)	652
Foreign currency translation adjustment	76	376
Remeasurements of defined benefit plans, net of tax	44	46
Total other comprehensive income	115	238
Comprehensive income	2,481	4,432
Comprehensive income attributable to :		
Owners of parent	2,551	4,440
Non-controlling interests	(69)	(8)

Quarterly Consolidated Statements of Cash Flows (For the six months)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,419	6,072
Depreciation	911	993
Impairment losses	4	1
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in retirement benefit liability	86	70
Increase (decrease) in other provisions	35	(48)
Interest and dividend income	(68)	(74)
Interest expenses	187	216
Loss (gain) on valuation of investment securities	7	—
Loss on disaster	—	32
Decrease (increase) in trade receivables	1,042	(7,797)
Decrease (increase) in other receivables	(334)	2,218
Decrease (increase) in inventories	(9,643)	(13,150)
Increase (decrease) in trade payables	3,432	646
Increase (decrease) in other payables	899	(2,687)
Other, net	58	(213)
Sub total	38	(13,719)
Interest and dividends received	71	75
Interest paid	(189)	(230)
Payments associated with disaster loss	—	(17)
National subsidy received	35	—
Income taxes paid	(1,605)	(968)
Net cash used in operating activities	(1,649)	(14,859)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1)	(171)
Purchase of non-current assets	(3,217)	(1,677)
Proceeds from sale of non-current assets	3	322
Purchase of investment securities	(37)	(200)
Loan advances	(34)	(66)
Proceeds from collection of loans receivable	23	4
Other, net	(0)	(16)
Net cash used in investing activities	(3,265)	(1,806)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,913	17,989
Proceeds from long-term borrowings	2,657	1,596
Repayments of long-term borrowings	(1,038)	(2,574)
Dividends paid	(864)	(972)
Other, net	(85)	(218)
Net cash provided by financing activities	4,583	15,820
Effect of exchange rate change on cash and cash equivalents	24	187
Net increase (decrease) in cash and cash equivalents	(306)	(659)
Cash and cash equivalents at beginning of the period	7,097	6,539
Cash and cash equivalents at end of the period	6,790	5,880