

Summary of Consolidated Financial Results
For the Second Quarter of the Year Ending March 31, 2024
(Based on Japanese GAAP)

November 6, 2023

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, 2024

(April 1, 2023- September 30, 2023)

(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, 2024	126,075	-5.6	3,996	-25.7	4,142	-28.6	2,451	-41.7
2nd Quarter of the Year Ended March 31, 2023	133,619	10.5	5,375	66.8	5,805	69.3	4,208	72.6

(Note) Comprehensive Income: Second Quarter of the year ending March 31, 2024 ¥3,757million (-15.2%)
 Second Quarter of the year ended March 31, 2023 ¥4,432million (78.6%)

	Profit per Share	Diluted Profit Per Share
	Yen	Yen
2nd Quarter of the Year Ending March 31, 2024	228.66	—
2nd Quarter of the Year Ended March 31, 2023	391.96	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As at September 30,2023	155,112	50,393	32.4
As at March 31,2023	146,301	46,966	32.5

(Reference) Shareholders' Equity : As at September 30,2023 ¥50,219million
 As at March 31,2023 ¥47,541million

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2023	—	—	—	100.00	100.00
Year Ending March 31, 2024	—				
Year Ending March,2024 (Forecast)		—	—	90.00	90.00

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

3. Forecast for the Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% 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 31,2024	300,000	10.2	8,500	4.9	8,500	3.9	6,000	3.8	559.88

(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) Ocean's Kitchen Property Management LLC 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 30,2023	10,928,283	As at March 31,2023	10,928,283
As at September 30,2023	200,737	As at March 31,2023	211,655
As at September 30,2023	10,722,095	As at September 30,2022	10,735,972

* 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, 2023	As at September 30, 2023
Assets		
Current assets		
Cash and deposits	7,050	7,681
Notes and accounts receivable - trade	33,079	36,246
Inventories	63,886	68,978
Other	10,196	7,079
Allowance for doubtful accounts	(9)	(11)
Total current assets	114,202	119,974
Non-current assets		
Property, plant and equipment	18,912	21,180
Intangible assets	348	719
Investments and other assets		
Investment securities	10,134	10,805
Deferred tax assets	1,454	963
Other	2,845	3,064
Allowance for doubtful accounts	(1,597)	(1,596)
Total investments and other assets	12,837	13,237
Total non-current assets	32,098	35,138
Total assets	146,301	155,112

As at March 31, 2023

As at September 30, 2023

Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,563	11,480
Short-term borrowings	23,783	28,602
Commercial papers	15,000	15,000
Income taxes payable	2,091	1,031
Provisions	1,021	1,012
Accounts payable - other	8,261	5,539
Other	6,228	7,092
Total current liabilities	64,950	69,757
Non-current liabilities		
Long-term borrowings	29,816	30,501
Provisions	414	393
Retirement benefit liability	3,909	3,851
Asset retirement obligations	16	16
Deferred tax liabilities	—	6
Other	226	191
Total non-current liabilities	34,383	34,961
Total liabilities	99,334	104,719
Net assets		
Shareholders' equity		
Share capital	5,664	5,664
Capital surplus	1,330	1,330
Retained earnings	37,317	38,692
Treasury shares	(575)	(543)
Total shareholders' equity	43,736	45,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,704	4,151
Deferred gains or losses on hedges	(72)	204
Foreign currency translation adjustment	470	973
Remeasurements of defined benefit plans	(296)	(251)
Total accumulated other comprehensive income	3,805	5,076
Non-controlling interests	(575)	173
Total net assets	46,966	50,393
Total liabilities and net assets	146,301	155,112

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, 2022	For the six months ended September 30, 2023
Net sales	133,619	126,075
Cost of sales	116,774	109,937
Gross profit	16,844	16,138
Selling, general and administrative expenses	11,469	12,141
Operating profit	5,375	3,996
Non-operating income		
Interest income	0	1
Dividend income	73	82
Share of profit of entities accounted for using equity method	46	31
Foreign exchange gains	365	165
Other	323	208
Total non-operating income	809	489
Non-operating expenses		
Interest expenses	216	282
Provision for loss on litigation	5	5
Other	158	55
Total non-operating expenses	379	343
Ordinary profit	5,805	4,142
Extraordinary income		
Gain on disposal of non-current assets	298	0
Settlement income	—	73
Insurance claim income	3	—
Total extraordinary income	302	74
Extraordinary losses		
Loss on disposal of non-current assets	1	5
Impairment losses	1	5
Loss on disaster	32	650
Loss on valuation of investment securities	—	1
Total extraordinary losses	35	663
Profit before income taxes	6,072	3,553
Income taxes - current	2,073	972
Income taxes - deferred	(195)	158
Total income taxes	1,878	1,131
Profit	4,194	2,421
Profit (loss) attributable to :		
Owners of parent	4,208	2,451
Non-controlling interests	(13)	(29)

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

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	(838)	446
Deferred gains or losses on hedges	652	276
Foreign currency translation adjustment	376	566
Remeasurements of defined benefit plans, net of tax	46	45
Total other comprehensive income	238	1,335
Comprehensive income	4,432	3,757
Comprehensive income attributable to :		
Owners of parent	4,440	3,722
Non-controlling interests	(8)	34

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,072	3,553
Depreciation	993	1,173
Impairment losses	1	5
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in retirement benefit liability	70	5
Increase (decrease) in other provisions	(48)	(20)
Interest and dividend income	(74)	(84)
Interest expenses	216	282
Loss (gain) on valuation of investment securities	—	1
Loss on disaster	32	650
Settlement income	—	(73)
Decrease (increase) in trade receivables	(7,797)	(2,967)
Decrease (increase) in other receivables	2,218	3,487
Decrease (increase) in inventories	(13,150)	(5,380)
Increase (decrease) in trade payables	646	2,608
Increase (decrease) in other payables	(2,687)	(1,979)
Other, net	(213)	(292)
Sub total	(13,719)	967
Interest and dividends received	75	88
Interest paid	(230)	(284)
Payments associated with disaster loss	(17)	(34)
Settlement received	—	73
Income taxes paid	(968)	(2,031)
Net cash used in operating activities	(14,859)	(1,220)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(171)	7
Purchase of non-current assets	(1,677)	(3,184)
Proceeds from sale of non-current assets	322	0
Purchase of investment securities	(200)	(8)
Loan advances	(66)	(30)
Proceeds from collection of loans receivable	4	27
Other, net	(16)	(8)
Net cash used in investing activities	(1,806)	(3,196)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17,989	4,449
Proceeds from long-term borrowings	1,596	1,900
Repayments of long-term borrowings	(2,574)	(1,129)
Proceeds from share issuance to non-controlling shareholders	—	725
Dividends paid	(972)	(1,076)
Other, net	(218)	(66)
Net cash provided by financing activities	15,820	4,802
Effect of exchange rate change on cash and cash equivalents	187	252
Net increase (decrease) in cash and cash equivalents	(659)	638
Cash and cash equivalents at beginning of the period	6,539	7,042
Cash and cash equivalents at end of the period	5,880	7,681