

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2024
(Based on Japanese GAAP)**

May 10, 2024

Company name: KOHSOKU CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 7504 URL <https://www.kohsoku.com>
 Representative: Representative Director, President Yuki Terashi
 Director, Managing Executive
 Inquiries: Officer, General manager, President's office Takashi Mitamura TEL 022-259-1611
 Scheduled date of ordinary general meeting of shareholders: June 20, 2024
 Scheduled date to file Securities Report: June 20, 2024
 Scheduled date to commence dividend payments: June 21, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	106,216	7.5	4,227	5.5	4,528	6.8	3,114	4.6
Year ended March 31, 2023	98,850	7.7	4,008	8.4	4,240	8.8	2,978	11.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	161.19	–	8.8	7.7	4.0
Year ended March 31, 2023	154.24	–	9.0	7.8	4.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	61,498	36,900	60.0	1,909.06
As of March 31, 2023	55,900	34,267	61.3	1,774.37

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	4,584	(1,580)	(1,062)	10,588
Year ended March 31, 2023	2,559	(2,580)	(1,032)	8,646

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	23.00	–	23.00	46.00	888	29.8	2.7
Year ended March 31, 2024	–	24.00	–	28.00	52.00	1,005	32.3	2.8
Year ending March 31, 2025 (Forecast)	–	27.00	–	27.00	54.00		33.1	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	54,000	3.2	2,100	(1.0)	2,250	(0.7)	1,500	(1.6)	77.60
Full year	112,000	5.4	4,350	2.9	4,650	2.7	3,150	1.1	162.97

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	20,990,920 shares	As of March 31, 2023	20,973,920 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	1,661,803 shares	As of March 31, 2023	1,661,702 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2024	19,322,629 shares	Year ended March 31, 2023	19,312,252 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,708,501	10,650,577
Notes and accounts receivable - trade, and contract assets	14,080,648	15,998,205
Electronically recorded monetary claims - operating	1,819,208	2,329,150
Securities	202,290	300,000
Merchandise and finished goods	5,463,274	5,539,559
Work in process	93,977	91,209
Raw materials and supplies	170,335	178,099
Other	234,536	284,275
Allowance for doubtful accounts	(32,080)	(26,652)
Total current assets	30,740,693	35,344,424
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,274,796	13,886,861
Accumulated depreciation	(8,126,901)	(8,469,619)
Buildings and structures, net	5,147,894	5,417,241
Machinery, equipment and vehicles	3,936,976	4,107,856
Accumulated depreciation	(2,971,887)	(3,050,085)
Machinery, equipment and vehicles, net	965,089	1,057,770
Land	11,228,408	11,366,080
Leased assets	797,978	641,025
Accumulated depreciation	(465,556)	(399,209)
Leased assets, net	332,422	241,816
Construction in progress	179,753	475,442
Other	1,325,338	1,384,560
Accumulated depreciation	(1,128,838)	(1,202,268)
Other, net	196,500	182,292
Total property, plant and equipment	18,050,070	18,740,644
Intangible assets		
Other	743,734	647,538
Total intangible assets	743,734	647,538
Investments and other assets		
Investment securities	4,974,164	5,429,222
Long-term loans receivable	178,738	202,365
Investment property	419,312	417,981
Accumulated depreciation	(141,128)	(143,963)
Investment property, net	278,183	274,017
Deferred tax assets	727,171	664,959
Other	219,987	256,592
Allowance for doubtful accounts	(12,367)	(61,316)
Total investments and other assets	6,365,878	6,765,841
Total non-current assets	25,159,683	26,154,024
Total assets	55,900,377	61,498,449

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,623,799	8,595,552
Electronically recorded obligations - operating	7,451,590	10,197,556
Accounts payable - other	991,737	1,029,004
Lease liabilities	151,381	114,321
Income taxes payable	816,725	794,358
Accrued consumption taxes	231,232	405,930
Provision for bonuses	1,186,461	1,271,243
Other	624,773	628,933
Total current liabilities	20,077,702	23,036,900
Non-current liabilities		
Long-term accounts payable - other	18,020	10,810
Lease liabilities	214,585	151,819
Deferred tax liabilities	446,195	527,344
Retirement benefit liability	815,410	804,383
Other	61,322	66,573
Total non-current liabilities	1,555,534	1,560,931
Total liabilities	21,633,236	24,597,832
Net assets		
Shareholders' equity		
Share capital	1,690,450	1,724,518
Capital surplus	1,858,290	1,858,290
Retained earnings	31,858,339	34,064,996
Treasury shares	(1,355,567)	(1,355,698)
Total shareholders' equity	34,051,511	36,292,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	319,506	703,110
Remeasurements of defined benefit plans	(103,877)	(94,599)
Total accumulated other comprehensive income	215,629	608,511
Total net assets	34,267,140	36,900,617
Total liabilities and net assets	55,900,377	61,498,449

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	98,850,497	106,216,978
Cost of sales	79,089,260	85,328,605
Gross profit	19,761,236	20,888,372
Selling, general and administrative expenses		
Freight and packing costs	2,475,858	2,676,251
Remuneration for directors (and other officers)	235,690	266,988
Salaries and allowances	5,725,163	5,830,852
Provision for bonuses	1,065,828	1,148,239
Retirement benefit expenses	151,769	174,681
Legal welfare expenses	1,100,459	1,140,448
Vehicle expenses	323,105	354,166
Communication expenses	299,670	314,348
Depreciation	606,326	668,302
Rent expenses on real estate	562,097	625,693
Other	3,206,831	3,460,466
Total selling, general and administrative expenses	15,752,802	16,660,439
Operating profit	4,008,434	4,227,933
Non-operating income		
Interest income	50,384	63,214
Dividend income	30,076	35,220
Purchase discounts	119,389	127,272
Rental income	49,766	42,583
Other	43,621	57,024
Total non-operating income	293,238	325,315
Non-operating expenses		
Rental costs	14,926	15,498
Other	46,272	9,420
Total non-operating expenses	61,198	24,918
Ordinary profit	4,240,474	4,528,329

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Insurance claim income	13,095	24,482
Total extraordinary income	13,095	24,482
Extraordinary losses		
Impairment losses	–	33,742
Loss on disaster	14,261	22,748
Total extraordinary losses	14,261	56,490
Profit before income taxes	4,239,308	4,496,321
Income taxes - current	1,424,362	1,421,269
Income taxes - deferred	(163,819)	(39,686)
Total income taxes	1,260,543	1,381,583
Profit	2,978,764	3,114,738
Profit attributable to owners of parent	2,978,764	3,114,738

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,978,764	3,114,738
Other comprehensive income		
Valuation difference on available-for-sale securities	34,958	383,603
Remeasurements of defined benefit plans, net of tax	(15,250)	9,278
Total other comprehensive income	19,707	392,882
Comprehensive income	2,998,472	3,507,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,998,472	3,507,620

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,690,450	1,858,290	29,748,626	(1,355,490)	31,941,875
Changes during period					
Dividends of surplus			(869,051)		(869,051)
Profit attributable to owners of parent			2,978,764		2,978,764
Purchase of treasury shares				(77)	(77)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,109,712	(77)	2,109,635
Balance at end of period	1,690,450	1,858,290	31,858,339	(1,355,567)	34,051,511

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	284,548	(88,627)	195,921	32,137,796
Changes during period				
Dividends of surplus				(869,051)
Profit attributable to owners of parent				2,978,764
Purchase of treasury shares				(77)
Net changes in items other than shareholders' equity	34,958	(15,250)	19,707	19,707
Total changes during period	34,958	(15,250)	19,707	2,129,343
Balance at end of period	319,506	(103,877)	215,629	34,267,140

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,690,450	1,858,290	31,858,339	(1,355,567)	34,051,511
Changes during period					
Issuance of new shares	34,068				34,068
Dividends of surplus			(908,081)		(908,081)
Profit attributable to owners of parent			3,114,738		3,114,738
Purchase of treasury shares				(130)	(130)
Net changes in items other than shareholders' equity					
Total changes during period	34,068	–	2,206,656	(130)	2,240,594
Balance at end of period	1,724,518	1,858,290	34,064,996	(1,355,698)	36,292,106

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	319,506	(103,877)	215,629	34,267,140
Changes during period				
Issuance of new shares				34,068
Dividends of surplus				(908,081)
Profit attributable to owners of parent				3,114,738
Purchase of treasury shares				(130)
Net changes in items other than shareholders' equity	383,603	9,278	392,882	392,882
Total changes during period	383,603	9,278	392,882	2,633,476
Balance at end of period	703,110	(94,599)	608,511	36,900,617

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,239,308	4,496,321
Depreciation	876,024	952,221
Impairment losses	925	33,742
Loss on disaster	14,261	22,748
Increase (decrease) in provision for bonuses	324,792	84,781
Increase (decrease) in long-term accounts payable - other	(8,400)	(7,210)
Increase (decrease) in allowance for doubtful accounts	13,334	43,520
Increase (decrease) in retirement benefit liability	4,834	2,338
Interest and dividend income	(80,460)	(98,434)
Loss on retirement of property, plant and equipment	6,995	1,684
Loss (gain) on sale of property, plant and equipment	(1,508)	(1,184)
Loss on retirement of intangible assets	–	1,136
Loss (gain) on sale of investment securities	(5,657)	–
Insurance claim income	(13,095)	(24,482)
Decrease (increase) in trade receivables	(1,823,876)	(2,427,498)
Decrease (increase) in inventories	(632,373)	(86,059)
Increase (decrease) in trade payables	877,722	2,717,720
Increase (decrease) in accrued consumption taxes	(78,829)	174,697
Decrease (increase) in other assets	(11,765)	(48,183)
Increase (decrease) in other liabilities	70,459	88,123
Subtotal	3,772,691	5,925,983
Interest and dividends received	85,113	103,110
Income taxes paid	(1,304,054)	(1,451,296)
Income taxes refund	6,558	–
Proceeds from insurance income	13,095	24,482
Payments associated with disaster loss	(14,261)	(17,969)
Net cash provided by (used in) operating activities	2,559,141	4,584,311

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(728,212)	(1,433,387)
Proceeds from sale of property, plant and equipment	2,317	1,184
Purchase of intangible assets	(120,338)	(129,358)
Purchase of investment securities	(1,730,547)	(194,880)
Proceeds from sale of investment securities	13,107	–
Proceeds from redemption of investment securities	–	200,000
Loan advances	(17,140)	(30,000)
Proceeds from collection of loans receivable	162	6,373
Net cash provided by (used in) investing activities	(2,580,650)	(1,580,068)
Cash flows from financing activities		
Repayments of finance lease liabilities	(164,143)	(153,586)
Net decrease (increase) in treasury shares	(77)	(130)
Dividends paid	(868,216)	(908,450)
Net cash provided by (used in) financing activities	(1,032,437)	(1,062,166)
Net increase (decrease) in cash and cash equivalents	(1,053,945)	1,942,076
Cash and cash equivalents at beginning of period	9,700,522	8,646,576
Cash and cash equivalents at end of period	8,646,576	10,588,653