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Consolidated Financial Results for the Fiscal Year Ended June 20, 2024 [Japanese GAAP]



August 1, 2024

Company name: KING JIM CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 7962
 URL: <https://www.kingjim.co.jp/english/>
 Representative: Akira Miyamoto, President & CEO
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 Scheduled date of Annual General Meeting of Shareholders: September 19, 2024
 Scheduled date of filing annual securities report: September 19, 2024
 Scheduled date of commencing dividend payments: September 20, 2024
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: None (video distribution only)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended June 20, 2024 (June 21, 2023 to June 20, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended June 20, 2024	39,553	0.4	(241)	—	130	(79.6)	(318)	—
June 20, 2023	39,393	7.5	368	(63.4)	637	(52.4)	419	(46.8)

(Note) Comprehensive income: Fiscal year ended June 20, 2024: ¥255 million [(78.8)%]

Fiscal year ended June 20, 2023: ¥1,209 million [40.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 20, 2024	(11.16)	—	(1.3)	0.4	(0.6)
June 20, 2023	14.72	14.66	1.7	1.8	0.9

(Reference) Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended June 20, 2024: ¥— million

Fiscal year ended June 20, 2023: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 20, 2024	35,025	24,301	69.1	861.90
As of June 20, 2023	35,812	24,833	69.1	867.29

(Reference) Equity: As of June 20, 2024: ¥24,214 million

As of June 20, 2023: ¥24,746 million

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 20, 2024	1,047	(444)	(1,071)	5,689
June 20, 2023	166	(1,234)	1,065	5,923

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
June 20, 2023	–	7.00	–	7.00	14.00	399	95.1	1.6
June 20, 2024	–	7.00	–	7.00	14.00	396	–	1.6
Fiscal year ending June 20, 2025 (Forecast)	–	7.00	–	7.00	14.00		80.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 20, 2025 (June 21, 2024 to June 20, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	18,800	5.1	(130)	–	0	–	0	–	0.00
Full year	41,000	3.7	530	–	700	437.3	490	–	17.44

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
June 20, 2024: 31,459,692 shares
June 20, 2023: 31,459,692 shares
 - 2) Total number of treasury shares at the end of the period:
June 20, 2024: 3,365,785 shares
June 20, 2023: 2,926,776 shares
 - 3) Average number of shares during the period:
Fiscal year ended June 20, 2024: 28,513,444 shares
Fiscal year ended June 20, 2023: 28,520,767 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended June 20, 2024 (June 21, 2023 to June 20, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 20, 2024	24,222	1.7	(491)	–	(272)	–	(369)	–
June 20, 2023	23,820	(0.5)	27	(94.9)	264	(65.3)	254	(46.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 20, 2024	(12.95)	–
June 20, 2023	8.94	8.90

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 20, 2024	28,066	18,787	66.6	665.63
As of June 20, 2023	29,065	19,835	67.9	692.11

(Reference) Equity: As of June 20, 2024: ¥18,700 million

As of June 20, 2023: ¥19,747 million

* These consolidated financial results are outside the scope of an audit by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecast and precautions regarding their use, please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 4.
- Supplementary briefing materials for the financial results will be posted on the Company’s website today. In addition, a financial results briefing video will be distributed on the Company’s website at a later date.
Supplementary briefing material (Japanese only): <https://www.kingjim.co.jp/ir/library/tansin.html>
Financial results briefing video (Japanese only): <https://www.kingjim.co.jp/ir/event/presentation.html>

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

During the fiscal year ended June 20, 2024, the Japanese economy showed signs of a moderate recovery due to the relaxation of restrictions in economic activities caused by COVID-19. On the other hand, the situation remained uncertain in the future domestic economy due to the impacts of continuous rising prices, as well as volatile foreign exchange rates against the backdrop of global monetary tightening policies.

Under these circumstances, KING JIM CO., LTD. (the “Company”) has been implementing measures to achieve the goals of its 10th Medium-Term Management Plan (fiscal year ended June 20, 2022 to fiscal year ended June 20, 2024). While further strengthening its core businesses such as TEPRA and filing tools, the Company is focusing on growth fields, such as by expanding sales of the interior lifestyle business and hygiene and health products, and expanding its business domain through mergers and acquisitions.

As for the consolidated business results for the fiscal year ended June 20, 2024, the contribution of sales by the former HIM Co., Ltd., which was absorbed and merged with the Group in February 2023, resulted in net sales amounting to ¥39,553.06 million (up 0.4% year on year). In terms of profit, operating loss was ¥241.88 million (profit of ¥368.3 million in the previous fiscal year) and ordinary profit was ¥130.27 million (down 79.6% year on year). The decreases were due to insignificant improvement despite the improvement of cost of sales ratio by the revision of prices, because of greater than expected depreciation of yen, as well as the increase in devaluation of some retained goods consisting mainly of COVID-19 related products, and an increase in selling, general and administrative expenses. Loss attributable to owners of parent was ¥318.06 million (profit of ¥419.79 million in the previous fiscal year). In terms of extraordinary losses, there was an impairment loss on goodwill related to the former HIM Co., Ltd. (Latuna business).

Business results by segment are as follows.

A. Stationery and office supply business

In the stationery and office supply business, the core business of the Company, we strived to expand sales by proposing new applications and renewing products to stimulate demand. In TEPRA, we provided the second version of online advertisements in which Work Cats (Shigoto Neko), a popular character well known for its signature phrase “Yoshi! (OK!),” and TEPRA Cat (TEPRA Neko), a new character, solve problems that occur in workplaces using TEPRA, and actively conducted various other sales promotion and advertisement activities to explore potential demand for labeling.

In digital stationery, the Company released “Visual Bar Timer.” With large horizontal scales that show the remaining time at a glance, it is well-received as a product that supports time management.

In stationery, the Company released new products of “KING MINI” series, which are practical and cute miniaturized stationery. In addition to this, we have developed products that are useful in a variety of situations.

In style stationery, the Company released the first cloth zip-around type of the “HITOTOKI NOTE” series. In April 2024, with our passion to further expand “connections” with fans and artists that are formed through the “HITOTOKI” brand, we held the first pop-up event, “HITOTOKI Exhibition,” which had a large attendance. Activities included decoration experiences using HITOTOKI items, workshops where attendees could create their own original KITTA, and more. The event allowed us to introduce everyone who came to the journey of HITOTOKI.

As a result, the recovery trend of TEPRA and the growth of the EC business resulted in net sales of ¥26,202.28 million (up 1.0% year on year), despite the decline of sales of “tette,” a hand sanitizer dispenser. Furthermore, operating loss was ¥421.74 million (operating loss of ¥20.07 million in the previous fiscal year) due to greater than expected depreciation of yen, devaluation of some retained goods consisting mainly of COVID-19 related products, the decision to discontinue some products under development, and an increase in selling, general and administrative expenses in the former HIM Co., Ltd. (Latuna business), which was absorbed and merged with the Group in February 2023.

B. Interior lifestyle business

BON FURNITURE CO., LTD. performed well due to an increase in Amazon sales and strong performance by the newly launched categories of lighting fixtures and storage products for children, despite severe conditions due to the revision of prices against the backdrop of soaring costs due to volatile foreign exchange rates and other factors, as well as the slowdown in the growth of malls themselves in which stores are located. Life on Products, Inc., saw strong performance in its new summer appliances such as Handy Fans and Circulators. In particular, sales grew for the Clear Fan with LED Light that shines in seven colors and the Umbrella Clip Fan. These became high-profile products that were reported on by numerous media outlets such as TV and magazines. LADONNA CO., LTD. saw a significant drop in the sales of its mainstay kitchen appliances and photo frames caused by consumers holding back on purchases due to an increasing consumer desire to save money and electricity, as well as the revision of prices due to exchange rates. However, we achieved results that will lead into the next fiscal year and beyond, such as an increase in television shopping and growth in online sales. ASCA CO., LTD. continued to perform well, mainly from bridal-related flower products and foliage plants for office interior.

As a result, net sales for the interior lifestyle business as a whole were ¥13,350.78 million (down 0.8% year on year) due to the stagnant performance of group companies in Japan other than Life on Products, Inc., which saw favorable results. Operating profit was ¥148.32 million (down 60.0% year on year) due to an increase in selling, general and administrative expenses, despite a slight improvement of the cost of sales ratio thanks to price increases and introduction of new products.

(2) Overview of Financial Position for the Period Under Review

Total assets as of June 20, 2024 decreased by ¥787.11 million from the end of the previous fiscal year to ¥35,025.03 million. This is mainly attributable to decreases in goodwill, merchandise and finished goods, and cash and deposits.

Liabilities decreased by ¥255.12 million from the end of the previous fiscal year to ¥10,723.69 million. This is mainly attributable to decreases in notes and accounts payable - trade and long-term borrowings, despite an increase in short-term borrowings.

Total net assets decreased by ¥531.99 million from the end of the previous fiscal year to ¥24,301.34 million. This is mainly attributable to a decrease in retained earnings resulting from dividends paid and the recording of loss attributable to owners of parent, as well as an increase in treasury shares, despite an increase in foreign currency translation adjustment.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as “cash”) as of June 20, 2024 decreased by ¥234.28 million from the end of the previous fiscal year to ¥5,689.46 million (down 4.0% year on year).

The status of each cash flow and their factors for the fiscal year ended June 20, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,047.19 million (net cash provided by operating activities of ¥166.26 million for the previous fiscal year). This is mainly attributable to depreciation of ¥655.66 million and a decrease in inventories of ¥584.10 million, despite a decrease in trade payables of ¥444.45 million as well as income taxes paid of ¥282.40 million.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥790.21 million from the previous fiscal year to ¥444.64 million. This is mainly attributable to purchase of property, plant and equipment of ¥425.66 million and purchase of intangible assets of ¥191.59 million, despite proceeds from sale of property, plant and equipment of ¥154.27 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,071.72 million (net cash provided by financing activities of

¥1,065.32 million for the previous fiscal year). This is mainly attributable to repayments of long-term borrowings of ¥594.83 million, purchase of treasury shares of ¥416.13 million, and dividends paid of ¥399.79 million, despite net increase in borrowings of ¥340.00 million.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended June 20, 2020	Fiscal year ended June 20, 2021	Fiscal year ended June 20, 2022	Fiscal year ended June 20, 2023	Fiscal year ended June 20, 2024
Equity ratio (%)	77.7	78.6	72.0	69.1	69.1
Equity ratio based on fair value (%)	95.2	85.9	75.5	72.2	71.1
Cash flow to interest-bearing debt ratio (years)	0.5	0.1	(3.5)	37.0	5.7
Interest coverage ratio (times)	265.6	455.0	(55.7)	3.9	22.6

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interest paid

* The indicators were calculated using consolidated financial figures.

* The total market value of shares was calculated based on the total number of shares issued (less treasury shares).

* Operating cash flow is used as cash flow.

* Interest-bearing debts include all liabilities recorded on the consolidated balance sheets for which interest is paid.

(4) Future Outlook

While the Japanese economy is showing signs of gradual recovery, including an increase in inbound demand and a recovery in personal consumption, downside risks remain, such as rising costs due to high prices and depreciation of yen. The global economy is also surrounded in uncertainty about the economic outlook due to concerns about inflation in the U.S. and Europe, as well as the situations in the Middle East and Ukraine. In addition, the business environment surrounding the Company has been affected by changes in society, such as the paperless movement and changes in work styles.

Amidst such economic and business environment, the Group has established its 11th Medium-Term Management Plan, which will last through the fiscal year ending June 20, 2027, under the theme of "Seizing opportunities from the wave of social change for new growth." This plan will begin in the fiscal year ending June 20, 2025. Under this plan, we will strive to strengthen our existing businesses while carrying out the three fundamental policies of "expansion into the service business," "expansion of the lifestyle field," and "strengthening of overseas business."

The fiscal year ended June 20, 2024 saw an operating loss as well as a loss attributable to owners of parent, in part due to the increase in devaluation of some retained goods consisting mainly of COVID-19 related products, an increase in selling, general and administrative expenses, and an impairment loss on goodwill. However, a return to profitability is forecast for the next fiscal year, as we strive to increase sales through various measures in line with the policies of the above Medium-Term Management Plan.

For the next fiscal year, it is forecast that net sales will be ¥41,000 million (up 3.7% year on year), operating profit will be ¥530 million (operating loss of ¥241.88 million in the previous fiscal year), ordinary profit will be ¥700 million (up 437.3% year on year), and profit attributable to owners of parent will be ¥490 million (loss attributable to owners of parent of ¥318.06 million in the previous fiscal year).

(5) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Company's dividend policy is to aim for stable dividends with a payout ratio of 40% based on profit attributable to owners of parent, taking into consideration the overall need for returns to shareholders and internal reserves for the execution of flexible management measures.

For the fiscal year ended June 20, 2024, the Company plans to propose a year-end ordinary dividend of ¥7 per share to the Annual General Meeting of Shareholders to be held on September 19, 2024. Since the Company paid an interim dividend of ¥7 per share for the fiscal year ended June 20, 2024, the total annual dividend is expected to be ¥14 per share.

For the next fiscal year, the Company plans to pay an interim dividend of ¥7 per share and a year-end dividend of ¥7 per share, for a total of ¥14 per share.

2. Basic Stance Concerning Selection of Accounting Standards

For the time being, the Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and the comparability among enterprises.

The Group intends to consider the application of international accounting standards in the future, taking into account trends in the ratio of foreign shareholders and the application of international accounting standards by other domestic companies in the same industry.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 20, 2023	As of June 20, 2024
Assets		
Current assets		
Cash and deposits	6,372,104	6,081,388
Notes receivable - trade	419,505	228,134
Accounts receivable - trade	4,647,476	5,109,797
Merchandise and finished goods	10,003,871	9,692,136
Work in process	392,743	361,939
Raw materials and supplies	1,457,402	1,301,432
Other	814,015	581,215
Allowance for doubtful accounts	(385)	(463)
Total current assets	24,106,732	23,355,581
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,163,085	6,203,924
Accumulated depreciation	(4,054,465)	(4,208,512)
Buildings and structures, net	2,108,619	1,995,412
Machinery, equipment and vehicles	3,281,832	3,594,239
Accumulated depreciation	(2,986,364)	(3,248,704)
Machinery, equipment and vehicles, net	295,467	345,535
Land	1,582,384	1,570,022
Construction in progress	170,930	51,955
Other	2,999,850	3,225,175
Accumulated depreciation	(2,759,704)	(2,896,175)
Other, net	240,145	329,000
Total property, plant and equipment	4,397,548	4,291,925
Intangible assets		
Goodwill	1,468,377	1,055,692
Other	751,694	801,511
Total intangible assets	2,220,071	1,857,203
Investments and other assets		
Investment securities	2,937,881	3,116,368
Retirement benefit asset	1,516,615	1,787,241
Deferred tax assets	196,139	146,151
Other	439,105	474,928
Allowance for doubtful accounts	(1,949)	(4,367)
Total investments and other assets	5,087,793	5,520,322
Total non-current assets	11,705,413	11,669,451
Total assets	35,812,145	35,025,032

(Thousands of yen)

	As of June 20, 2023	As of June 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,334,717	901,078
Short-term borrowings	3,190,000	3,530,000
Current portion of long-term borrowings	505,547	437,806
Income taxes payable	188,871	269,430
Accounts payable - other	811,689	808,057
Provision for bonuses for directors (and other officers)	17,952	11,387
Contract liabilities	35,805	38,730
Other	959,533	1,137,192
Total current liabilities	7,044,116	7,133,682
Non-current liabilities		
Long-term borrowings	2,265,384	1,738,288
Deferred tax liabilities	819,665	913,146
Retirement benefit liability	452,213	500,213
Asset retirement obligations	31,447	30,270
Other	365,984	408,088
Total non-current liabilities	3,934,694	3,590,007
Total liabilities	10,978,811	10,723,690
Net assets		
Shareholders' equity		
Share capital	1,978,690	1,978,690
Capital surplus	1,718,670	1,718,919
Retained earnings	22,279,949	21,562,202
Treasury shares	(2,587,278)	(2,975,833)
Total shareholders' equity	23,390,032	22,283,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,048,538	1,165,269
Deferred gains or losses on hedges	5,179	2,677
Foreign currency translation adjustment	193,884	555,801
Remeasurements of defined benefit plans	108,612	206,525
Total accumulated other comprehensive income	1,356,214	1,930,274
Share acquisition rights	87,088	87,088
Total net assets	24,833,334	24,301,342
Total liabilities and net assets	35,812,145	35,025,032

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Net sales	39,393,899	39,553,069
Cost of sales	25,203,192	25,236,820
Gross profit	14,190,706	14,316,248
Selling, general and administrative expenses	13,822,398	14,558,131
Operating profit (loss)	368,308	(241,883)
Non-operating income		
Interest income	20,077	22,568
Dividend income	84,925	104,980
Foreign exchange gains	34,575	141,766
Rental income	151,052	149,337
Other	74,523	45,775
Total non-operating income	365,153	464,428
Non-operating expenses		
Interest expenses	42,744	45,265
Rental costs	47,010	44,067
Other	6,429	2,933
Total non-operating expenses	96,184	92,266
Ordinary profit	637,277	130,278
Extraordinary income		
Gain on sale of non-current assets	139	137,905
Gain on sale of investment securities	136,209	–
Gain on sale of investment in affiliated companies	14,693	–
Settlement income	20,680	–
Gain on extinguishment of tie-in shares	8,477	–
Total extraordinary income	180,199	137,905
Extraordinary losses		
Loss on sale of non-current assets	261	7
Loss on retirement of non-current assets	122	4,148
Impairment losses	–	172,125
Extra retirement payments	–	49,868
Total extraordinary losses	384	226,150
Profit before income taxes	817,092	42,033
Income taxes - current	283,491	314,883
Income taxes - deferred	89,677	44,612
Income taxes for prior periods	24,031	605
Total income taxes	397,201	360,101
Profit (loss)	419,891	(318,068)
Profit attributable to non-controlling interests	101	–
Profit (loss) attributable to owners of parent	419,790	(318,068)

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Profit (loss)	419,891	(318,068)
Other comprehensive income		
Valuation difference on available-for-sale securities	503,352	116,731
Deferred gains or losses on hedges	1,630	(2,502)
Foreign currency translation adjustment	200,726	361,917
Remeasurements of defined benefit plans, net of tax	84,084	97,913
Total other comprehensive income	789,793	574,060
Comprehensive income	1,209,685	255,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,209,584	255,992
Comprehensive income attributable to non-controlling interests	101	—

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended June 20, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,978,690	1,717,573	22,487,418	(2,614,703)	23,568,979
Changes during period					
Dividends of surplus			(627,258)		(627,258)
Profit attributable to owners of parent			419,790		419,790
Purchase of treasury shares				(82)	(82)
Disposal of treasury shares		965		27,507	28,472
Purchase of shares of consolidated subsidiaries		131			131
Net changes in items other than shareholders' equity					
Total changes during period	–	1,097	(207,468)	27,424	(178,946)
Balance at end of period	1,978,690	1,718,670	22,279,949	(2,587,278)	23,390,032

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	545,185	3,548	(6,842)	24,528	566,420	87,088	9,430	24,231,917
Changes during period								
Dividends of surplus								(627,258)
Profit attributable to owners of parent								419,790
Purchase of treasury shares								(82)
Disposal of treasury shares								28,472
Purchase of shares of consolidated subsidiaries								131
Net changes in items other than shareholders' equity	503,352	1,630	200,726	84,084	789,793	–	(9,430)	780,363
Total changes during period	503,352	1,630	200,726	84,084	789,793	–	(9,430)	601,416
Balance at end of period	1,048,538	5,179	193,884	108,612	1,356,214	87,088	–	24,833,334

For the fiscal year ended June 20, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,978,690	1,718,670	22,279,949	(2,587,278)	23,390,032
Changes during period					
Dividends of surplus			(399,679)		(399,679)
Loss attributable to owners of parent			(318,068)		(318,068)
Purchase of treasury shares				(416,136)	(416,136)
Disposal of treasury shares		249		27,581	27,831
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	249	(717,747)	(388,554)	(1,106,052)
Balance at end of period	1,978,690	1,718,919	21,562,202	(2,975,833)	22,283,979

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	1,048,538	5,179	193,884	108,612	1,356,214	87,088	-	24,833,334
Changes during period								
Dividends of surplus								(399,679)
Loss attributable to owners of parent								(318,068)
Purchase of treasury shares								(416,136)
Disposal of treasury shares								27,831
Purchase of shares of consolidated subsidiaries								-
Net changes in items other than shareholders' equity	116,731	(2,502)	361,917	97,913	574,060	-	-	574,060
Total changes during period	116,731	(2,502)	361,917	97,913	574,060	-	-	(531,991)
Balance at end of period	1,165,269	2,677	555,801	206,525	1,930,274	87,088	-	24,301,342

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Cash flows from operating activities		
Profit before income taxes	817,092	42,033
Depreciation	631,637	655,669
Amortization of goodwill	196,104	240,560
Impairment losses	–	172,125
Increase (decrease) in allowance for doubtful accounts	(2,585)	2,310
Increase (decrease) in retirement benefit liability	(62,231)	(8,617)
Decrease (increase) in retirement benefit asset	(96,309)	(119,616)
Interest and dividend income	(105,003)	(127,549)
Interest expenses	42,744	45,265
Foreign exchange losses (gains)	(18,200)	(32,236)
Loss on retirement of non-current assets	122	4,148
Loss (gain) on sale of non-current assets	122	(137,898)
Extra retirement payments	–	49,868
Decrease (increase) in trade receivables	351,739	(244,471)
Decrease (increase) in inventories	(874,458)	584,109
Decrease (increase) in other assets	(40,262)	146,668
Increase (decrease) in trade payables	(293,586)	(444,454)
Loss (gain) on sale of investment securities	(136,209)	–
Decrease (increase) in consumption taxes refund receivable	80,287	84,516
Increase (decrease) in accrued consumption taxes	90,129	138,110
Settlement income	(20,680)	–
Loss (gain) on extinguishment of tie-in shares	(8,477)	–
Gain on sale of investment in affiliated companies	(14,693)	–
Increase (decrease) in other liabilities	(137,863)	91,604
Other, net	43,318	133,982
Subtotal	442,738	1,276,131
Interest and dividends received	100,513	127,255
Interest paid	(42,766)	(46,347)
Income taxes refund	–	22,427
Income taxes paid	(346,217)	(282,404)
Extra retirement payments	–	(49,868)
Settlement received	12,000	–
Net cash provided by (used in) operating activities	166,267	1,047,192
Cash flows from investing activities		
Purchase of investment securities	(149,642)	(247)
Proceeds from sale of investment securities	232,502	–
Purchase of intangible assets	(251,658)	(191,599)
Purchase of property, plant and equipment	(385,001)	(425,662)
Proceeds from sale of property, plant and equipment	6,277	154,276
Loan advances	(137,450)	–
Proceeds from collection of loans receivable	7,450	–
Payments of guarantee deposits	(5,037)	(15,093)
Proceeds from refund of guarantee deposits	6,341	4,353
Payments into time deposits	(642,000)	(519,500)
Proceeds from withdrawal of time deposits	642,007	594,504
Purchase of shares of subsidiaries	(550,000)	–
Other, net	(8,648)	(45,674)
Net cash provided by (used in) investing activities	(1,234,860)	(444,642)

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,150,000	340,000
Repayments of long-term borrowings	(448,402)	(594,837)
Purchase of treasury shares	(82)	(416,136)
Dividends paid	(626,162)	(399,794)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(9,400)	–
Other, net	(629)	(959)
Net cash provided by (used in) financing activities	1,065,323	(1,071,728)
Effect of exchange rate change on cash and cash equivalents	135,953	234,890
Net increase (decrease) in cash and cash equivalents	132,684	(234,286)
Cash and cash equivalents at beginning of period	5,637,384	5,923,753
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	153,684	–
Cash and cash equivalents at end of period	5,923,753	5,689,466

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Change in presentation method)

(Consolidated Statements of Income)

“Subsidy income” under “non-operating income,” which was independently presented in the previous fiscal year, is included in “other” in the current fiscal year because it has become insignificant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥7,750 thousand presented as “subsidy income” under “non-operating income” in the consolidated statements of income for the previous fiscal year has been reclassified as “other.”

(Consolidated Statements of Cash Flows)

“Subsidy income” under “cash flows from operating activities,” which was independently presented in the previous fiscal year, is included in “other, net” in the current fiscal year because it has become insignificant in terms of amount. Accordingly, “subsidies received” under the “subtotal” column of “cash flows from operating activities” is included in “other, net” from this fiscal year because it has become insignificant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the ¥(7,750) thousand presented as “subsidy income” in the statements of cash flows for the previous fiscal year has been reclassified as “other, net.” In addition, the ¥7,750 thousand presented as “subsidies received” has been reclassified as “other, net.”

(Segment information)

Segment information

1. Description of reportable segments

Reportable segments are components of the Group about which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Group reports the financial statements of each of the Company and its consolidated subsidiaries to the Company's Board of Directors, which is the unit that makes up its business segments. Segments are aggregated based on similarities in products and sales markets of each segment, and the Group has two reportable segments: the stationery and office supply business and the interior lifestyle business.

Major companies engaged in the stationery and office supply business are as follows: the Company, P.T.KING JIM INDONESIA, KING JIM (MALAYSIA) SDN.BHD., KING JIM (SHANGHAI) TRADING CO., LTD., KING JIM (VIETNAM) CO., LTD., KING JIM (HK) CO., LIMITED and its subsidiary KING JIM (SHENZHEN) TRADING CO., LTD., and WINCESS CORPORATION. This business engages in the manufacture and sale of electric and living environment products (TEPRA, pomera, etc.) and stationery (filing tools and OA support products, etc.).

Major companies engaged in the interior lifestyle business are as follows: BON FURNITURE CO., LTD., LADONNA CO., LTD., ASCA CO., LTD., and Life on Products, Inc. This business engages in the planning and sale of furniture, kitchen goods, photo frames, aroma-related products, clocks, artificial flowers, household electronics, miscellaneous goods, room fragrances, etc.

2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting method used for reporting business segments is generally the same as that used for the preparation of Consolidated Financial Statements.

Segment profit (loss) figures are based on operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment

For the fiscal year ended June 20, 2023

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	25,933,563	13,460,335	39,393,899	–	39,393,899
Inter-segment net sales or transfers	102,665	278,245	380,910	(380,910)	–
Total	26,036,229	13,738,580	39,774,810	(380,910)	39,393,899
Segment profit (loss)	(20,072)	370,771	350,698	17,609	368,308
Segment assets	26,026,413	10,101,078	36,127,492	(315,347)	35,812,145
Other items					
Depreciation	494,123	137,560	631,683	(46)	631,637
Amortization of goodwill	31,754	164,349	196,104	–	196,104
Increase in property, plant and equipment and intangible assets	554,068	133,347	687,416	–	687,416

(Notes) 1. Adjustment of segment profit (loss) of ¥17,609 thousand and adjustment of segment assets of ¥(315,347) thousand are adjustments, etc., associated with the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

For the fiscal year ended June 20, 2024

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	26,202,284	13,350,784	39,553,069	–	39,553,069
Inter-segment net sales or transfers	81,882	248,522	330,405	(330,405)	–
Total	26,284,167	13,599,307	39,883,474	(330,405)	39,553,069
Segment profit (loss)	(421,744)	148,327	(273,417)	31,534	(241,883)
Segment assets	25,486,917	10,161,305	35,648,222	(623,189)	35,025,032
Other items					
Depreciation	509,474	146,241	655,716	(46)	655,669
Amortization of goodwill	76,210	164,349	240,560	–	240,560
Impairment loss	172,125	–	172,125	–	172,125
Increase in property, plant and equipment and intangible assets	422,005	136,916	558,921	–	558,921

(Notes) 1. Adjustment of segment profit (loss) of ¥31,534 thousand and adjustment of segment assets of ¥(623,189) thousand are adjustments, etc., associated with the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating loss in the consolidated statements of income.

4. Information concerning impairment loss on non-current assets or goodwill by reportable segment

(Significant impairment losses on non-current assets)

In the stationery and office supply business, an impairment loss of ¥172,125 thousand was recorded for goodwill related to the former HIM Co., Ltd. (Latuna business), as it is expected to fall below the initially projected earnings as a result of a revision of future business plans.

(Per share information)

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Net assets per share	¥867.29	¥861.90
Profit (loss) per share	¥14.72	¥(11.16)
Diluted earnings per share	¥14.66	¥-

(Notes) 1. The diluted earnings per share for the fiscal year ended June 20, 2024 are not listed since, while dilutive stock exists, there is a loss per share.

2. The basis for the calculation of profit per share and diluted earnings per share is as follows.

	For the fiscal year ended June 20, 2023	For the fiscal year ended June 20, 2024
Profit per share		
Profit (loss) attributable to owners of parent (Thousand yen)	419,790	(318,068)
Amount not attributable to common shareholders (Thousand yen)	-	-
Profit (loss) attributable to owners of parent relating to common shares (Thousand yen)	419,790	(318,068)
Average number of shares during the period (Shares)	28,520,767	28,513,444
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Thousand yen)	-	-
Increase in number of common shares (Shares)	116,301	-
(of which, share acquisition rights (Shares))	116,301	-
Overview of potential shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	-	-

(Significant subsequent events)

There is no relevant information.