

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 31, 2023

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 to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2023	52,317	8.5	2,120	1.7	2,266	3.1	1,524	2.3
Six months ended September 30, 2022	48,196	6.3	2,085	10.1	2,199	9.8	1,490	8.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	78.91		-	
Six months ended September 30, 2022	77.19		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	58,357	35,549	60.9
As of March 31, 2023	55,900	34,267	61.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	23.00	-	23.00	46.00
Year ending March 31, 2024	-	24.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	24.00	48.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Full year	103,000	4.2	4,150	3.5	4,400	3.8	3,080	3.4	159.48

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	20,990,920 shares	As of March 31, 2023	20,973,920 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,661,743 shares	As of March 31, 2023	1,661,702 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	19,317,040 shares	Six months ended September 30, 2022	19,312,259 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,708,501	8,202,052
Notes and accounts receivable - trade, and contract assets	15,899,857	17,820,281
Merchandise and finished goods	5,463,274	5,643,870
Work in process	93,977	96,525
Raw materials and supplies	170,335	197,296
Other	436,827	853,656
Allowance for doubtful accounts	(32,080)	(22,266)
Total current assets	30,740,693	32,791,416
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,147,894	5,335,900
Land	11,228,408	11,228,408
Other, net	1,673,766	1,880,327
Total property, plant and equipment	18,050,070	18,444,637
Intangible assets		
Other	743,734	682,317
Total intangible assets	743,734	682,317
Investments and other assets		
Investment securities	4,974,164	5,091,476
Long-term loans receivable	178,738	203,104
Investment property, net	278,183	276,100
Deferred tax assets	727,171	671,473
Other	219,987	250,336
Allowance for doubtful accounts	(12,367)	(53,622)
Total investments and other assets	6,365,878	6,438,869
Total non-current assets	25,159,683	25,565,823
Total assets	55,900,377	58,357,240

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,623,799	8,007,594
Electronically recorded obligations - operating	7,451,590	9,745,833
Income taxes payable	816,725	782,708
Provision for bonuses	1,186,461	808,662
Other	1,999,125	1,934,057
Total current liabilities	20,077,702	21,278,856
Non-current liabilities		
Long-term accounts payable - other	18,020	10,810
Lease liabilities	214,585	183,396
Deferred tax liabilities	446,195	460,132
Retirement benefit liability	815,410	811,771
Other	61,322	62,857
Total non-current liabilities	1,555,534	1,528,967
Total liabilities	21,633,236	22,807,823
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	32,938,644
Treasury shares	(1,355,567)	(1,355,654)
Total shareholders' equity	34,051,511	35,165,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	319,506	481,182
Remeasurements of defined benefit plans	(103,877)	(97,563)
Total accumulated other comprehensive income	215,629	383,618
Total net assets	34,267,140	35,549,416
Total liabilities and net assets	55,900,377	58,357,240

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	48,196,619	52,317,374
Cost of sales	38,445,605	42,057,319
Gross profit	9,751,013	10,260,055
Selling, general and administrative expenses		
Freight and packing costs	1,209,341	1,329,467
Salaries and allowances	2,578,525	2,624,774
Provision for bonuses	871,629	720,894
Retirement benefit expenses	75,093	93,647
Other	2,930,923	3,370,578
Total selling, general and administrative expenses	7,665,514	8,139,361
Operating profit	2,085,499	2,120,693
Non-operating income		
Interest income	21,624	31,263
Dividend income	15,459	17,613
Purchase discounts	60,647	66,272
Rental income	25,518	22,389
Other	13,323	21,969
Total non-operating income	136,574	159,509
Non-operating expenses		
Rental costs	7,335	7,729
Other	15,427	5,555
Total non-operating expenses	22,762	13,285
Ordinary profit	2,199,310	2,266,917
Extraordinary losses		
Loss on disaster	–	21,751
Total extraordinary losses	–	21,751
Profit before income taxes	2,199,310	2,245,166
Income taxes	708,405	720,680
Profit	1,490,905	1,524,485
Profit attributable to owners of parent	1,490,905	1,524,485

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,490,905	1,524,485
Other comprehensive income		
Valuation difference on available-for-sale securities	(59,010)	161,675
Remeasurements of defined benefit plans, net of tax	5,139	6,314
Total other comprehensive income	(53,871)	167,989
Comprehensive income	1,437,034	1,692,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,437,034	1,692,475

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,199,310	2,245,166
Depreciation	415,960	469,366
Increase (decrease) in provision for bonuses	110,733	(377,799)
Increase (decrease) in long-term accounts payable - other	(8,400)	(7,210)
Increase (decrease) in allowance for doubtful accounts	689	31,441
Increase (decrease) in other provisions	14,103	15,671
Increase (decrease) in retirement benefit liability	16,941	5,456
Interest and dividend income	(37,084)	(48,877)
Loss on retirement of property, plant and equipment	290	1,651
Loss (gain) on sale of property, plant and equipment	(1,489)	(531)
Loss on retirement of intangible assets	–	1,136
Loss on disaster	–	21,751
Decrease (increase) in trade receivables	(854,938)	(1,920,423)
Decrease (increase) in inventories	(540,436)	(214,932)
Increase (decrease) in trade payables	(288,928)	1,678,038
Increase (decrease) in accrued consumption taxes	(125,683)	52,302
Decrease (increase) in other assets	(62,592)	(114,256)
Increase (decrease) in other liabilities	(267,921)	(99,531)
Subtotal	570,555	1,738,419
Interest and dividends received	39,375	51,215
Income taxes paid	(645,885)	(760,968)
Income taxes refund	6,558	–
Net cash provided by (used in) operating activities	(29,396)	1,028,666

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(461,459)	(701,073)
Proceeds from sale of property, plant and equipment	2,298	531
Purchase of intangible assets	(48,648)	(101,745)
Purchase of investment securities	(1,416,701)	(182,651)
Loan advances	(6,000)	(30,000)
Proceeds from collection of loans receivable	81	5,634
Net cash provided by (used in) investing activities	(1,930,429)	(1,009,304)
Cash flows from financing activities		
Repayments of finance lease liabilities	(80,591)	(81,307)
Net decrease (increase) in treasury shares	–	(86)
Dividends paid	(424,371)	(444,416)
Net cash provided by (used in) financing activities	(504,962)	(525,811)
Net increase (decrease) in cash and cash equivalents	(2,464,789)	(506,448)
Cash and cash equivalents at beginning of period	9,700,522	8,646,576
Cash and cash equivalents at end of period	7,235,733	8,140,127