

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: KONAKA CO.,LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 7494 URL <https://www.konaka.co.jp>  
 Representative: Representative Director, President and CEO Kensuke Konaka  
 Group Representative  
 Senior Managing Executive Officer, CFO,  
 Inquiries: General Manager of Administration Makoto Okumura TEL 045(825)7700  
 Headquarters  
 Scheduled date to file Quarterly Securities Report: May 15, 2024  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 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 March 31, 2024 (from October 1, 2023 to March 31, 2024)

(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 March 31, 2024	35,852	(2.0)	1,130	48.8	1,426	41.8	733	(30.3)
Six months ended March 31, 2023	36,592	6.4	759	–	1,005	755.1	1,052	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2024	25.06		–	
Six months ended March 31, 2023	36.13		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	51,805	20,071	37.8
As of September 30, 2023	50,612	19,437	37.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2023	–	10.00	–	10.00	20.00
Year ending September 30, 2024	–	0.00	–	–	–
Year ending September 30, 2024 (Forecast)	–	–	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 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	70,015	6.4	683	–	887	–	85	–	2.91

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2024  
 (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: No
- (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 March 31, 2024	31,146,685 shares	As of September 30, 2023	31,146,685 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	1,786,832 shares	As of September 30, 2023	1,897,073 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	29,281,138 shares	Six months ended March 31, 2023	29,134,711 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	5,894	6,270
Accounts receivable - trade	2,826	4,411
Merchandise and finished goods	14,327	13,957
Work in process	2	2
Raw materials and supplies	366	404
Other	1,347	2,123
Total current assets	24,764	27,169
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,458	3,182
Land	9,341	8,637
Other, net	495	497
Total property, plant and equipment	13,296	12,318
Intangible assets		
Trademark right	43	1
Other	512	470
Total intangible assets	555	471
Investments and other assets		
Investment securities	3,417	3,577
Leasehold and guarantee deposits	7,031	6,768
Retirement benefit asset	699	747
Other	895	800
Allowance for doubtful accounts	(47)	(49)
Total investments and other assets	11,996	11,844
Total non-current assets	25,848	24,635
Total assets	50,612	51,805
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,709	2,675
Electronically recorded obligations - operating	2,331	3,347
Short-term borrowings	12,075	10,618
Current portion of long-term borrowings	7,652	7,287
Income taxes payable	366	508
Contract liabilities	896	993
Provision for bonuses	413	346
Other	3,194	3,294
Total current liabilities	28,640	29,072
Non-current liabilities		
Long-term borrowings	85	71
Retirement benefit liability	594	586
Provision for point card certificates	31	32
Other	1,823	1,971
Total non-current liabilities	2,534	2,661
Total liabilities	31,175	31,734

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	5,305	5,305
Capital surplus	13,253	13,253
Retained earnings	1,631	1,936
Treasury shares	(3,120)	(2,938)
Total shareholders' equity	17,070	17,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,840	1,951
Foreign currency translation adjustment	(39)	(19)
Remeasurements of defined benefit plans	98	93
Total accumulated other comprehensive income	1,898	2,024
Non-controlling interests	467	488
Total net assets	19,437	20,071
Total liabilities and net assets	50,612	51,805

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

### Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	36,592	35,852
Cost of sales	15,434	15,086
Gross profit	21,158	20,766
Selling, general and administrative expenses	20,399	19,635
Operating profit	759	1,130
Non-operating income		
Interest income	13	17
Dividend income	17	20
Rental income from real estate	193	218
Compensation income	80	–
Reversal of provision for bonuses	–	163
Other	72	76
Total non-operating income	376	496
Non-operating expenses		
Interest expenses	81	82
Rental expenses on real estate	29	58
Other	19	60
Total non-operating expenses	131	200
Ordinary profit	1,005	1,426
Extraordinary income		
Gain on sale of non-current assets	810	587
Penalty income	440	–
Other	230	–
Total extraordinary income	1,480	587
Extraordinary losses		
Loss on retirement of non-current assets	20	9
Impairment losses	1,526	825
Other	68	47
Total extraordinary losses	1,614	882
Profit before income taxes	871	1,130
Income taxes - current	447	335
Income taxes - deferred	(325)	57
Total income taxes	121	393
Profit	750	737
Profit (loss) attributable to non-controlling interests	(302)	3
Profit attributable to owners of parent	1,052	733

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	750	737
Other comprehensive income		
Valuation difference on available-for-sale securities	189	111
Foreign currency translation adjustment	43	36
Remeasurements of defined benefit plans, net of tax	6	(4)
Total other comprehensive income	239	143
Comprehensive income	989	880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,274	859
Comprehensive income attributable to non-controlling interests	(284)	21

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	871	1,130
Depreciation	513	406
Impairment losses	1,526	825
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in retirement benefit liability	(17)	(7)
Increase (decrease) in provision for point card certificates	(2)	1
Increase (decrease) in provision for bonuses	(4)	(66)
Long-term loans offset with a rent	61	59
Long-term deposit offset with a rent	5	3
Gain on sale of non-current assets	(810)	(587)
Loss on retirement of non-current assets	20	9
Interest and dividend income	(30)	(38)
Interest expenses	81	82
Foreign exchange losses (gains)	3	(3)
Penalty income	(440)	–
Decrease (increase) in trade receivables	(1,449)	(1,586)
Decrease (increase) in inventories	517	341
Increase (decrease) in trade payables	2,143	1,905
Increase (decrease) in accrued expenses	33	187
Increase (decrease) in accrued consumption taxes	(133)	14
Other, net	(64)	(327)
Subtotal	2,823	2,352
Interest and dividends received	22	37
Interest paid	(81)	(89)
Penalty income received	189	–
Income taxes paid	(178)	(203)
Income taxes refund	6	3
Net cash provided by (used in) operating activities	2,782	2,100
Cash flows from investing activities		
Payments into time deposits	(27)	–
Proceeds from withdrawal of time deposits	–	62
Purchase of property, plant and equipment	(494)	(678)
Proceeds from sale of property, plant and equipment	1,212	1,658
Payments for retirement of property, plant and equipment	(45)	(108)
Purchase of intangible assets	(45)	(464)
Payments of leasehold and guarantee deposits	(128)	(131)
Proceeds from refund of leasehold and guarantee deposits	161	135
Proceeds from collection of loans receivable	2	3
Other, net	(5)	(0)
Net cash provided by (used in) investing activities	627	476

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,193)	(1,456)
Repayments of long-term borrowings	(364)	(379)
Purchase of treasury shares	(0)	(0)
Dividends paid	(289)	(291)
Dividends paid to non-controlling interests	(0)	–
Other, net	(4)	(4)
Net cash provided by (used in) financing activities	(1,852)	(2,132)
Effect of exchange rate change on cash and cash equivalents	(9)	(11)
Net increase (decrease) in cash and cash equivalents	1,548	433
Cash and cash equivalents at beginning of period	6,547	5,493
Cash and cash equivalents at end of period	8,095	5,926