

Summary of Consolidated Financial Results
For the Second Quarter of the Year Ending March 31, 2022
(Based on Japanese GAAP)

November 5, 2021

Company name: KYOKUYO CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange, First Section
 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, 2022

(April 1, 2021- September 30, 2021)

(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, 2022	120,880	3.4	3,222	133.6	3,428	127.7	2,438	54.5
2nd Quarter of the Year Ended March 31, 2021	116,861	-7.9	1,379	87.6	1,505	33.4	1,577	122.1

(Note) Comprehensive Income: Second Quarter of the year ending March 31, 2022 ¥2,481 million (-14.9%)
 Second Quarter of the year ended March 31, 2021 ¥2,915 million (452.1%)

	Profit per Share	Diluted Profit Per Share
	Yen	Yen
2nd Quarter of the Year Ending March 31, 2022	226.63	—
2nd Quarter of the Year Ended March 31, 2021	146.78	—

(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As at September 30,2021	127,429	41,585	33.0
As at March 31,2021	116,331	39,975	34.7

(Reference) Shareholders' Equity : As at September 30,2021 ¥42,070 million
 As at March 31,2021 ¥40,382 million

(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Total
Year Ended March 31, 2021	Yen —	Yen —	Yen —	Yen 80.00	Yen 80.00
Year Ending March 31, 2022	—				
Year Ending March 31, 2022 (Forecast)		—	—	80.00	80.00

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

3. Forecast for the Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% 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, 2022	250,000	0.3	5,000	7.3	5,000	2.5	3,500	-8.8	325.35

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

* Notes

- (1) Major changes among subsidiaries during the period under review: None
- (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.: Yes
 - (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)

	As at September 30, 2021		As at March 31, 2021
	10,928,283		10,928,283
	170,467		170,774
	10,757,684		As at September 30, 2020 10,749,646
 - (ii) Number of treasury shares at the end of the period
 - (iii) Average number of shares during the period

* 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, 2021	As at September 30, 2021
Assets		
Current assets		
Cash and deposits	7,100	6,794
Notes and accounts receivable - trade	32,869	31,972
Inventories	41,760	51,429
Other	4,927	5,230
Allowance for doubtful accounts	(8)	(9)
Total current assets	86,649	95,418
Non-current assets		
Property, plant and equipment	15,715	18,025
Intangible assets	417	387
Investments and other assets		
Investment securities	11,682	11,754
Other	3,478	3,455
Allowance for doubtful accounts	(1,612)	(1,612)
Total investments and other assets	13,547	13,597
Total non-current assets	29,681	32,010
Total assets	116,331	127,429

As at March 31, 2021 As at September 30, 2021

Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,941	12,422
Short-term borrowings	8,056	13,448
Commercial papers	10,000	10,000
Income taxes payable	1,721	1,103
Provisions	990	988
Other	9,478	10,337
Total current liabilities	39,189	48,299
Non-current liabilities		
Long-term borrowings	32,720	32,929
Provisions	326	363
Retirement benefit liability	3,764	3,785
Asset retirement obligations	29	29
Other	326	436
Total non-current liabilities	37,166	37,544
Total liabilities	76,355	85,843
Net assets		
Shareholders' equity		
Share capital	5,664	5,664
Capital surplus	1,329	1,329
Retained earnings	28,737	30,310
Treasury shares	(430)	(429)
Total shareholders' equity	35,300	36,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,139	5,164
Deferred gains or losses on hedges	148	116
Foreign currency translation adjustment	95	170
Remeasurements of defined benefit plans	(301)	(257)
Total accumulated other comprehensive income	5,081	5,195
Non-controlling interests	(407)	(484)
Total net assets	39,975	41,585
Total liabilities and net assets	116,331	127,429

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, 2020	For the six months ended September 30, 2021
Net sales	116,861	120,880
Cost of sales	105,036	106,951
Gross profit	11,825	13,929
Selling, general and administrative expenses	10,445	10,706
Operating profit	1,379	3,222
Non-operating income		
Interest income	2	0
Dividend income	64	67
Share of profit of entities accounted for using equity method	84	5
Subsidy income	66	137
Foreign exchange gains	56	130
Other	102	113
Total non-operating income	376	454
Non-operating expenses		
Interest expenses	198	187
Provision for loss on litigation	4	4
Provision of allowance for doubtful accounts	(17)	(0)
Other	64	56
Total non-operating expenses	250	247
Ordinary profit	1,505	3,428
Extraordinary income		
Gain on disposal of non-current assets	18	3
National subsidy income	63	35
Gain on sale of investment securities	1,267	—
Insurance claim income	116	—
Total extraordinary income	1,465	39
Extraordinary losses		
Loss on disposal of non-current assets	13	2
Impairment losses	519	4
Loss on disaster	134	—
Loss on tax purpose reduction entry of non-current assets	62	33
Loss on valuation of investment securities	—	7
Total extraordinary losses	730	48
Profit before income taxes	2,240	3,419
Income taxes - current	1,242	993
Income taxes - deferred	(264)	60
Total income taxes	978	1,053
Profit	1,261	2,366
Profit (loss) attributable to :		
Owners of parent	1,577	2,438
Non-controlling interests	(316)	(71)

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

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	1,767	25
Deferred gains or losses on hedges	(77)	(32)
Foreign currency translation adjustment	(93)	76
Remeasurements of defined benefit plans, net of tax	57	44
Total other comprehensive income	1,654	115
Comprehensive income	2,915	2,481
Comprehensive income attributable to :		
Owners of parent	3,250	2,551
Non-controlling interests	(335)	(69)

Quarterly Consolidated Statements of Cash Flows (For the six months)

(Million yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,240	3,419
Depreciation	947	911
Impairment losses	519	4
Increase (decrease) in allowance for doubtful accounts	(156)	0
Increase (decrease) in retirement benefit liability	80	86
Increase (decrease) in other provisions	28	35
Interest and dividend income	(66)	(68)
Interest expenses	198	187
Loss (gain) on valuation of investment securities	—	7
Loss (gain) on sale of investment securities	(1,267)	—
Decrease (increase) in trade receivables	(3,113)	1,042
Decrease (increase) in other receivables	2,434	(334)
Decrease (increase) in inventories	(3,516)	(9,643)
Increase (decrease) in trade payables	3,145	3,432
Increase (decrease) in other payables	(1,276)	899
Other, net	4	58
Sub total	203	38
Interest and dividends received	65	71
Interest paid	(195)	(189)
National subsidy received	63	35
Income taxes paid	(959)	(1,605)
Net cash used in operating activities	(822)	(1,649)
Cash flows from investing activities		
Net decrease (increase) in time deposits	39	(1)
Purchase of non-current assets	(1,171)	(3,217)
Proceeds from sale of non-current assets	40	3
Purchase of investment securities	(8)	(37)
Proceeds from sale of investment securities	1,762	—
Loan advances	(25)	(34)
Proceeds from collection of loans receivable	24	23
Other, net	—	(0)
Net cash provided by (used in) investing activities	661	(3,265)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,633)	3,913
Proceeds from long-term borrowings	9,880	2,657
Repayments of long-term borrowings	(4,633)	(1,038)
Dividends paid	(754)	(864)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(82)	—
Other, net	(70)	(85)
Net cash provided by (used in) financing activities	(293)	4,583
Effect of exchange rate change on cash and cash equivalents	(64)	24
Net increase (decrease) in cash and cash equivalents	(519)	(306)
Cash and cash equivalents at beginning of the period	6,313	7,097
Cash and cash equivalents at end of the period	5,793	6,790