

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

Company name: Moriroku Holdings Company, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4249 URL <https://www.moriroku.co.jp/>
 Representative: President and CEO Takashi Kurita
 Inquiries: Executive Officer, Accounting and IR Muga Koiwai TEL 03(3403)6102
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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 September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	69,378	10.2	(42)	–	330	(71.4)	(615)	–
Six months ended September 30, 2021	62,984	–	953	(47.9)	1,155	12.6	2,419	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(38.99)		–	
Six months ended September 30, 2021	146.01		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	141,955	73,337	50.8
As of March 31, 2022	137,125	72,067	51.6

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, 2022	–	47.00	–	47.00	94.00
Year ending March 31, 2023	–	47.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	53.00	100.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	141,000	9.4	3,000	5.4	3,000	1.2	1,620	(62.0)	101.89

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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, 2022	16,960,000 shares	As of March 31, 2022	16,960,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,382,019 shares	As of March 31, 2022	980,719 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, 2022	15,781,716 shares	Six months ended September 30, 2021	16,571,336 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	18,373	19,022
Notes and accounts receivable - trade	33,389	34,261
Electronically recorded monetary claims - operating	1,388	1,402
Merchandise and finished goods	7,762	7,371
Work in process	4,742	4,272
Raw materials and supplies	5,996	6,280
Other	5,419	5,473
Allowance for doubtful accounts	(13)	(15)
Total current assets	77,058	78,068
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,459	20,642
Machinery, equipment and vehicles, net	10,315	11,640
Tools, furniture and fixtures, net	5,566	6,037
Land	5,044	5,220
Leased assets, net	99	300
Construction in progress	4,133	5,251
Total property, plant and equipment	44,619	49,093
Intangible assets	981	1,004
Investments and other assets		
Investment securities	11,868	11,362
Long-term loans receivable	257	284
Retirement benefit asset	534	590
Deferred tax assets	1,158	802
Other	662	763
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	14,465	13,788
Total non-current assets	60,066	63,887
Total assets	137,125	141,955

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,801	21,825
Electronically recorded obligations - operating	2,853	2,632
Short-term borrowings	21,236	25,052
Current portion of long-term borrowings	1,307	1,792
Lease liabilities	255	249
Income taxes payable	1,663	463
Other	6,842	7,426
Total current liabilities	55,961	59,442
Non-current liabilities		
Long-term borrowings	3,510	3,909
Lease liabilities	478	560
Deferred tax liabilities	3,963	3,475
Retirement benefit liability	402	432
Asset retirement obligations	173	173
Other	566	625
Total non-current liabilities	9,095	9,176
Total liabilities	65,057	68,618
Net assets		
Shareholders' equity		
Share capital	1,640	1,640
Capital surplus	4,782	4,797
Retained earnings	56,622	55,255
Treasury shares	(1,350)	(2,037)
Total shareholders' equity	61,694	59,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,869	4,399
Foreign currency translation adjustment	3,584	7,407
Remeasurements of defined benefit plans	264	238
Remeasurements of other postretirement benefit plans of foreign consolidated subsidiaries	277	348
Total accumulated other comprehensive income	8,995	12,394
Non-controlling interests	1,377	1,286
Total net assets	72,067	73,337
Total liabilities and net assets	137,125	141,955

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	62,984	69,378
Cost of sales	53,945	60,658
Gross profit	9,039	8,720
Selling, general and administrative expenses	8,085	8,762
Operating profit (loss)	953	(42)
Non-operating income		
Interest income	56	81
Dividend income	227	179
Foreign exchange gains	81	426
Other	91	113
Total non-operating income	456	802
Non-operating expenses		
Interest expenses	195	372
Share of loss of entities accounted for using equity method	7	6
Other	52	49
Total non-operating expenses	254	429
Ordinary profit	1,155	330
Extraordinary income		
Gain on sale of non-current assets	43	37
Gain on sale of investment securities	3,237	18
Subsidy income	26	95
Total extraordinary income	3,307	151
Extraordinary losses		
Loss on sale of non-current assets	14	6
Loss on retirement of non-current assets	15	11
Total extraordinary losses	30	17
Profit before income taxes	4,432	464
Income taxes	1,960	1,045
Profit (loss)	2,472	(580)
Profit attributable to non-controlling interests	52	34
Profit (loss) attributable to owners of parent	2,419	(615)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	2,472	(580)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,515)	(469)
Foreign currency translation adjustment	1,171	3,835
Remeasurements of defined benefit plans, net of tax	(23)	(25)
Remeasurements of other postretirement benefit plans of foreign consolidated subsidiaries	8	70
Share of other comprehensive income of entities accounted for using equity method	(2)	(11)
Total other comprehensive income	(361)	3,399
Comprehensive income	2,110	2,818
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,057	2,783
Comprehensive income attributable to non-controlling interests	52	35

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,432	464
Depreciation	4,017	4,097
Loss (gain) on sale of non-current assets	(28)	(31)
Loss on retirement of non-current assets	15	11
Loss (gain) on sale of investment securities	(3,237)	(18)
Increase (decrease) in allowance for doubtful accounts	15	(0)
Increase (decrease) in net defined benefit asset and liability	(79)	(82)
Interest and dividend income	(284)	(261)
Subsidy income	(26)	(95)
Interest expenses	195	372
Share of loss (profit) of entities accounted for using equity method	7	6
Decrease (increase) in trade receivables	4,085	1,184
Decrease (increase) in inventories	(2,115)	2,128
Increase (decrease) in trade payables	(1,709)	(1,537)
Other, net	(1,511)	(505)
Subtotal	3,777	5,734
Interest and dividends received	280	252
Interest paid	(184)	(373)
Income taxes paid	(1,747)	(2,504)
Net cash provided by (used in) operating activities	2,125	3,109
Cash flows from investing activities		
Payments into time deposits	–	(14)
Purchase of property, plant and equipment	(3,301)	(4,043)
Proceeds from sale of property, plant and equipment	259	71
Purchase of intangible assets	(22)	(27)
Purchase of investment securities	(71)	(218)
Proceeds from sale of investment securities	3,760	69
Subsidies received	–	86
Other, net	(0)	13
Net cash provided by (used in) investing activities	624	(4,062)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	490	1,322
Proceeds from long-term borrowings	630	938
Repayments of long-term borrowings	(1,066)	(746)
Purchase of treasury shares	(0)	–
Dividends paid	(497)	(751)
Dividends paid to non-controlling interests	(30)	(126)
Repayments of lease liabilities	(115)	(83)
Net cash provided by (used in) financing activities	(588)	553
Effect of exchange rate change on cash and cash equivalents	463	1,033
Net increase (decrease) in cash and cash equivalents	2,624	633
Cash and cash equivalents at beginning of period	17,933	18,358
Cash and cash equivalents at end of period	20,557	18,992