

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 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 of ordinary general meeting of shareholders: June 26, 2023  
 Scheduled date to file Securities Report: June 26, 2023  
 Scheduled date to commence dividend payments: June 27, 2023  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2023	98,850	7.7	4,008	8.4	4,240	8.8	2,978	11.9
Year ended March 31, 2022	91,817	6.2	3,696	10.7	3,898	10.2	2,662	10.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	154.24	—	9.0	7.8	4.1
Year ended March 31, 2022	137.84	—	8.5	7.6	4.0

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	55,900	34,267	61.3	1,774.37
As of March 31, 2022	52,473	32,137	61.2	1,664.11

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	2,559	(2,580)	(1,032)	8,646
Year ended March 31, 2022	3,248	(3,908)	(1,004)	9,700

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	22.00	—	22.00	44.00	849	31.9	2.7
Year ended March 31, 2023	—	23.00	—	23.00	46.00	888	29.8	2.7
Year ending March 31, 2024 (Forecast)	—	24.00	—	24.00	48.00		30.1	

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
Six months ending September 30, 2023	51,000	5.8	2,000	(4.1)	2,100	(4.5)	1,450	(2.7)	75.08
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 year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	20,973,920 shares	As of March 31, 2022	20,973,920 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,661,702 shares	As of March 31, 2022	1,661,661 shares
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Average number of shares during the period

Year ended March 31, 2023	19,312,252 shares	Year ended March 31, 2022	19,312,304 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,762,447	8,708,501
Notes and accounts receivable - trade, and contract assets	12,990,332	14,080,648
Electronically recorded monetary claims - operating	1,085,648	1,819,208
Securities	–	202,290
Merchandise and finished goods	4,846,645	5,463,274
Work in process	87,228	93,977
Raw materials and supplies	161,339	170,335
Other	212,832	234,536
Allowance for doubtful accounts	(23,930)	(32,080)
<b>Total current assets</b>	<b>29,122,544</b>	<b>30,740,693</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	12,995,418	13,274,796
Accumulated depreciation	(7,805,943)	(8,126,901)
Buildings and structures, net	5,189,474	5,147,894
Machinery, equipment and vehicles	3,796,123	3,936,976
Accumulated depreciation	(2,865,317)	(2,971,887)
Machinery, equipment and vehicles, net	930,806	965,089
Land	11,161,057	11,228,408
Leased assets	967,902	797,978
Accumulated depreciation	(600,380)	(465,556)
Leased assets, net	367,521	332,422
Construction in progress	87,591	179,753
Other	1,268,268	1,325,338
Accumulated depreciation	(1,094,556)	(1,128,838)
Other, net	173,712	196,500
<b>Total property, plant and equipment</b>	<b>17,910,165</b>	<b>18,050,070</b>
<b>Intangible assets</b>		
Other	767,703	743,734
<b>Total intangible assets</b>	<b>767,703</b>	<b>743,734</b>
<b>Investments and other assets</b>		
Investment securities	3,405,469	4,974,164
Long-term loans receivable	161,761	178,738
Investment property	419,312	419,312
Accumulated depreciation	(136,931)	(141,128)
Investment property, net	282,381	278,183
Deferred tax assets	594,094	727,171
Other	236,484	219,987
Allowance for doubtful accounts	(7,183)	(12,367)
<b>Total investments and other assets</b>	<b>4,673,008</b>	<b>6,365,878</b>
<b>Total non-current assets</b>	<b>23,350,877</b>	<b>25,159,683</b>
<b>Total assets</b>	<b>52,473,421</b>	<b>55,900,377</b>

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,864,587	8,623,799
Electronically recorded obligations - operating	7,333,079	7,451,590
Accounts payable - other	972,923	991,737
Lease liabilities	158,461	151,381
Income taxes payable	693,344	816,725
Accrued consumption taxes	310,062	231,232
Provision for bonuses	861,669	1,186,461
Other	542,623	624,773
<b>Total current liabilities</b>	<b>18,736,751</b>	<b>20,077,702</b>
<b>Non-current liabilities</b>		
Long-term accounts payable - other	26,420	18,020
Lease liabilities	246,701	214,585
Deferred tax liabilities	466,072	446,195
Retirement benefit liability	788,608	815,410
Other	71,070	61,322
<b>Total non-current liabilities</b>	<b>1,598,873</b>	<b>1,555,534</b>
<b>Total liabilities</b>	<b>20,335,624</b>	<b>21,633,236</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,690,450	1,690,450
Capital surplus	1,858,290	1,858,290
Retained earnings	29,748,626	31,858,339
Treasury shares	(1,355,490)	(1,355,567)
<b>Total shareholders' equity</b>	<b>31,941,875</b>	<b>34,051,511</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	284,548	319,506
Remeasurements of defined benefit plans	(88,627)	(103,877)
<b>Total accumulated other comprehensive income</b>	<b>195,921</b>	<b>215,629</b>
<b>Total net assets</b>	<b>32,137,796</b>	<b>34,267,140</b>
<b>Total liabilities and net assets</b>	<b>52,473,421</b>	<b>55,900,377</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	91,817,782	98,850,497
Cost of sales	73,685,831	79,089,260
Gross profit	18,131,950	19,761,236
Selling, general and administrative expenses		
Freight and packing costs	2,292,164	2,475,858
Remuneration for directors (and other officers)	210,181	235,690
Salaries and allowances	5,515,761	5,725,163
Provision for bonuses	757,803	1,065,828
Retirement benefit expenses	124,810	151,769
Legal welfare expenses	1,000,999	1,100,459
Vehicle expenses	295,611	323,105
Communication expenses	304,640	299,670
Depreciation	515,632	606,326
Rent expenses on real estate	543,962	562,097
Other	2,873,924	3,206,831
Total selling, general and administrative expenses	14,435,491	15,752,802
Operating profit	3,696,458	4,008,434
Non-operating income		
Interest income	29,038	50,384
Dividend income	26,614	30,076
Purchase discounts	107,355	119,389
Rental income	51,675	49,766
Other	37,506	43,621
Total non-operating income	252,189	293,238
Non-operating expenses		
Rental costs	15,633	14,926
Other	34,138	46,272
Total non-operating expenses	49,771	61,198
Ordinary profit	3,898,876	4,240,474

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Insurance claim income	–	13,095
Total extraordinary income	–	13,095
Extraordinary losses		
Loss on disaster	–	14,261
Total extraordinary losses	–	14,261
Profit before income taxes	3,898,876	4,239,308
Income taxes - current	1,287,063	1,424,362
Income taxes - deferred	(50,242)	(163,819)
Total income taxes	1,236,820	1,260,543
Profit	2,662,056	2,978,764
Profit attributable to owners of parent	2,662,056	2,978,764

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,662,056	2,978,764
Other comprehensive income		
Valuation difference on available-for-sale securities	(38,700)	34,958
Remeasurements of defined benefit plans, net of tax	(41,443)	(15,250)
Total other comprehensive income	(80,144)	19,707
Comprehensive income	2,581,911	2,998,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,581,911	2,998,472

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,690,450	1,858,290	27,899,893	(1,355,320)	30,093,313
Changes during period					
Dividends of surplus			(830,429)		(830,429)
Profit attributable to owners of parent			2,662,056		2,662,056
Purchase of treasury shares				(170)	(170)
Change in scope of consolidation			17,105		17,105
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,848,732	(170)	1,848,562
Balance at end of period	1,690,450	1,858,290	29,748,626	(1,355,490)	31,941,875

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	323,249	(47,183)	276,065	30,369,379
Changes during period				
Dividends of surplus				(830,429)
Profit attributable to owners of parent				2,662,056
Purchase of treasury shares				(170)
Change in scope of consolidation	(17,105)		(17,105)	–
Net changes in items other than shareholders' equity	(21,594)	(41,443)	(63,038)	(63,038)
Total changes during period	(38,700)	(41,443)	(80,144)	1,768,417
Balance at end of period	284,548	(88,627)	195,921	32,137,796



Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,690,450	1,858,290	29,748,626	(1,355,490)	31,941,875
Changes during period					
Dividends of surplus			(869,051)		(869,051)
Profit attributable to owners of parent			2,978,764		2,978,764
Purchase of treasury shares				(77)	(77)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,109,712	(77)	2,109,635
Balance at end of period	1,690,450	1,858,290	31,858,339	(1,355,567)	34,051,511

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	284,548	(88,627)	195,921	32,137,796
Changes during period				
Dividends of surplus				(869,051)
Profit attributable to owners of parent				2,978,764
Purchase of treasury shares				(77)
Net changes in items other than shareholders' equity	34,958	(15,250)	19,707	19,707
Total changes during period	34,958	(15,250)	19,707	2,129,343
Balance at end of period	319,506	(103,877)	215,629	34,267,140

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,898,876	4,239,308
Depreciation	771,238	876,024
Impairment losses	–	925
Loss on disaster	–	14,261
Increase (decrease) in provision for bonuses	148,290	324,792
Increase (decrease) in long-term accounts payable - other	–	(8,400)
Increase (decrease) in allowance for doubtful accounts	476	13,334
Increase (decrease) in retirement benefit liability	3,641	4,834
Interest and dividend income	(55,652)	(80,460)
Loss on retirement of property, plant and equipment	4,766	6,995
Loss (gain) on sale of property, plant and equipment	(524)	(1,508)
Loss on retirement of intangible assets	991	–
Loss (gain) on sale of investment securities	(3)	(5,657)
Insurance claim income	–	(13,095)
Decrease (increase) in trade receivables	(122,800)	(1,823,876)
Decrease (increase) in inventories	(177,328)	(632,373)
Increase (decrease) in trade payables	(141,123)	877,722
Increase (decrease) in accrued consumption taxes	(96,559)	(78,829)
Decrease (increase) in other assets	103,802	(11,765)
Increase (decrease) in other liabilities	336,747	70,459
Subtotal	4,674,838	3,772,691
Interest and dividends received	59,637	85,113
Income taxes paid	(1,491,504)	(1,304,054)
Income taxes refund	5,506	6,558
Proceeds from insurance income	–	13,095
Payments associated with disaster loss	–	(14,261)
Net cash provided by (used in) operating activities	3,248,477	2,559,141

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(2,231,282)	(728,212)
Proceeds from sale of property, plant and equipment	2,557	2,317
Purchase of intangible assets	(126,231)	(120,338)
Purchase of investment securities	(1,698,969)	(1,730,547)
Proceeds from sale of investment securities	4	13,107
Proceeds from redemption of investment securities	300,000	–
Loan advances	(155,225)	(17,140)
Proceeds from collection of loans receivable	161	162
Net cash provided by (used in) investing activities	(3,908,984)	(2,580,650)
Cash flows from financing activities		
Repayments of finance lease liabilities	(175,831)	(164,143)
Net decrease (increase) in treasury shares	(170)	(77)
Dividends paid	(828,786)	(868,216)
Net cash provided by (used in) financing activities	(1,004,788)	(1,032,437)
Net increase (decrease) in cash and cash equivalents	(1,665,295)	(1,053,945)
Cash and cash equivalents at beginning of period	11,365,817	9,700,522
Cash and cash equivalents at end of period	9,700,522	8,646,576