



Consolidated Financial Results [Japanese GAAP]

for the Second Quarter of the Fiscal Year Ending January 20, 2024

Takasho Co., Ltd.

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Scheduled date to submit statutory quarterly financial report: September 1, 2023
Scheduled date of starting payment of dividend: N/A
Availability of supplementary explanatory material on quarterly results: Yes
Quarterly results briefing (exclusive for institutional investors and analysts): Yes

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

**Figures are rounded down to the nearest million yen, except share and per share data*

***“ %” indicates year-on-year changes from the previous corresponding quarter*

1. Consolidated Financial Results for the Six Months Ended July 20, 2023 (From January 21, 2023, to July 20, 2023)

(1) Consolidated Operating Results (Cumulative)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2024 2Q (Six months ended July 20, 2023)	10,687	△3.0	386	△50.9	480	△56.3	225	△66.9
FY2023 2Q (Six months ended July 20, 2022)	11,022	△2.2	786	△32.4	1,098	△10.5	679	△21.5

(Note) Comprehensive income:

FY2024 2Q (Six months ended July 20, 2023): 585 million yen (△58.1%)

FY2023 2Q (Six months ended July 20, 2022): 1,396 million yen (16.6%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024 2Q (Six months ended July 20, 2023)	13.13	13.12
FY2023 2Q (Six months ended July 20, 2022)	38.75	38.73

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of the end of			
FY2024 2Q (As of July 20, 2023)	25,938	13,079	50.0
FY2023 4Q (As of January 20, 2023)	23,640	13,389	56.2

(Ref.) Shareholders' equity amount:

FY2024 2Q (As of July 20, 2023): 12,956 million yen

FY2023 4Q (As of January 20, 2023): 13,274 million yen

2. Dividends

	Annual cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023 4Q ended Jan. 20, 2023	—	0.00	—	23.00	23.00
FY2024 2Q ended Jul. 20, 2023	—	0.00			
FY2024 4Q ending Jan. 20, 2024 (forecast)			—	16.00	16.00

(Note) Revisions to the dividends forecast since the latest announcement: None

3. Forecast for the Fiscal Year Ending January 20, 2024 (From Jan. 21, 2023, to Jan. 20, 2024)

	Net sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent company		Basic Earnings Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2024 4Q (full year)	22,700	11.5	1,016	15.3	1,048	6.7	651	25.4	38.65

(Notes) Revisions to the forecast since the latest announcement: None

※ **Notes;**

(1) Changes in Significant Subsidiaries during the Current Quarter

Changes in specified subsidiaries that caused a change in the scope of consolidation: None

Newly included companies: None

Newly excluded companies: None

(2) Simplified Accounting Procedures and Specific Accounting Procedures: None

(3) Changes in Accounting Policies and Accounting Estimates

(i) Changes in accounting policies as required by newly promulgated account pronouncement: None

(ii) Changes other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of Shares Outstanding (Ordinary Shares)

	FY2024 2Q (As of Jul. 20, 2023)	FY2023 4Q (As of Jan.20, 2023)
Number of shares outstanding at end of period (Treasury shares included)	17,590,114	17,590,114
Number of treasury shares at end of period	745,658	47,658
	FY2024 2Q (From Jan.21, 2023, to Jul. 20, 2023)	FY2023 2Q (From Jan.21,2022, to Jul. 20, 2022)
Average number of shares during period	17,141,552	17,529,221

* This quarterly financial results report is out scope of the quarterly review by a certified public accountant nor audit firm.

* Explanation on appropriate use of performance forecasts and other special notes.

The performance forecast described in this report are based on information that is available to the Group, as well as certain assumptions and estimates that are deemed to be reasonable, and we make no assurance that such descriptions prove to be correct. Actual figures may significantly differ due to various factors. For information regarding the forecast of consolidated financial results, due attention should be paid to "Explanation of Forward-Looking Statements" on page 6 of the attached documents.

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1. Status of the Group

(1) Business Overview and Results for the Second Fiscal Quarter

Business Overview

During the second quarter of the current consolidated fiscal year (hereafter, referred to as “FY2024”), the prospects of Japanese economy continue to be highly uncertain and are unpredictable. Although the economy showed signs of recovery due to the easing of behavioral restrictions to prevent the spread of the novel coronavirus (hereafter referred to as “COVID-19”) pandemic, but volatile global factors, which includes prolonged Ukraine affairs and continued yen’s depreciation, and resulting soaring prices of materials and energy, as well as successive increases in food prices and wages, have led to an inflationary trend in Japan, following U.S. and Europe. These are all rampant and have been amplifying this uncertainty.

Against these headwinds, we have taken several important steps to enhance our brand value and fuel future growth. Especially, we intensified sales promotion campaigns. We delivered DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform to increase customer touchpoint and engagement.

Also, leveraging our state-of-the-art technologies, such as XR (AR/VR/MR) and metaverse, we further strengthened sales promotion campaign utilizing “GLD-LAB Design Network Service” which supports housing providers and housing reformers to propose housings and exteriors.

Innovation is our heritage and at the heart of our vision “Always Ahead of Changes, Bringing Innovation and Create New Values; Towards the One and Only Global Enterprise”.

Ever since our establishment, nurturing great urban environment and gardening culture is what we do. With our passion for innovation, at this juncture, we have been pioneering clean-energy products and solutions which integrate sustainability into the gardening life.

Further, we introduced innovative product in the field of “LINKED CITY” Concept, which means that originated from tourism, the tourism-oriented smart villages which address various challenges, such as transportation, logistics, settlement, local government, healthcare & nursing care, education, energy, environment & waste, disaster prevention & safety and etc., from the urban-DX perspective. We are socially and environmentally engaged companies and promote galvanization of regional economy and sustainability initiatives.

As for the overseas business, in U.S., customer attraction at home center and garden center has been recovering. Still, our retail partners’ stock overload and refrained consumption due to the price rise in electricity, gas, and necessities and unusual bad weather in Europe has largely affected our performance.

As such, business performance for the second quarter of FY2024 has been resulted in as follows.

2nd Quarter of FY2024 Highlight (January 21, 2023, to July 20, 2023)

(Millions of yen)	FY2024 2Q (Six months ended July 20, 2023)	FY2023 2Q (Six months ended July 20, 2022)	Increase or Decrease	%
Revenue	10,687	11,022	△334	97.0
Operating income	386	786	△399	49.1
Ordinary income	480	1,098	△618	43.7
Net income attributable to owners of the parent	225	679	△454	33.1

The above large variations between FY2023Q2 and FY2024Q2 were due to the occurrence of unparalleled events, such as a high ratio of inventory sales before the sharp rise in material and freight costs in the previous two fiscal years, which boosted the gross profit margin, and a foreign exchange gain of 269 million yen (80 million yen in FY2024Q2) due to sharp exchange rate fluctuations (yen’s depreciation).

Sales Metrics by Business Segments

<Pro-use segment>

Despite deceased housing construction, the sales of Pro-use accounted for 63.8% our total sales and has been

stable (YoY 101.4 % growth).

To accelerate our successful growth, we promoted our new multidimensional business model. This is innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals of lifestyles and sales closing through web-based showrooms and VR parks, as well as through our original Garden & Exterior showrooms located throughout Japan. Of course, in our showroom, customers can experience and feel a wide selection of our products.

Also, we have our own factory in Japan, which enables flexible “mass customization” to each customer’s order. We have been promoting hybrid-style proposals, as mentioned above, that utilize content both online and real. In our “mass customization”, we comprehensively propose "Facade Exterior & Living Garden" lifestyle through abundance of color variation tailored to each customers’ aesthetics sense, tastes, and interests.

What’s more, sales of living garden products such as "Home Yard Roof," a key product inspired by "5th ROOM" (fifth room) concept, increased by the brand designated orders, due to the new DX-enabled proposals and sales strategy which links TV commercial and web-based platform.

In addition, since the sales of "Low Volt Light," a safe and secure exterior illumination for nighttime gardens, has been continuously increasing.

Pro-use segment Highlight (January 21, 2023, to July 20, 2023)

(Millions of yen)	FY2024 2Q (Six months ended July 20, 2023)	FY2023 2Q (Six months ended July 20, 2022)	Increase or Decrease	%
Revenue	6,818	6,724	94	101.4

On the other hand, TAKASHO DIGITEC CO., LTD. (hereafter referred to as “DIGITEC”), our consolidated subsidiary, dedicatedly promoted LED sign and lightening/illumination business. Due to the cooperation with our landscape building material team, DIGITEC increased transactions with non-housing fields (Commercial facilities such as hotels and Japanese-style Ryokans etc.) and achieved 120.3% YoY growth.

Also, first in the industry, DIGITEC was officially certified under the "Eco-First System," a program established by the Ministry of the Environment to recognize 66 companies nationwide, as an environmentally advanced company.

<Home-use segment>

Sales by home-use segment has been slightly decreased (YoY 84.4%). In order to neutralize negative factors such as rebound decrease in sales by COVID-19, inflation and decreased customer attraction at large retail stores due to bad weather, we strengthened web marketing and revised selling price for large retail stores.

In this business environment, we have launched new initiatives in anticipation of business demand and will proactively pursue the establishment of a new business model.

Home-use segment Highlight (January 21, 2023, to July 20, 2023)

(Millions of yen)	FY2024 2Q (Six months ended July 20, 2023)	FY2023 2Q (Six months ended July 20, 2022)	Increase or Decrease	%
Revenue	2,769	3,280	△511	84.4

<Overseas segment>

The stock adjustments have been continued which are caused by our retail partners’ stock overload and corresponding delivery adjustment. Also, in Europe, added to unusual bad weather, people have refrained from buying due to the price rise in electricity, gas, and necessities. However, customer attraction at home center and garden center has been recovering. In addition, a part of sales categories changed, as a result, overseas sales increased (YoY 107.5%).

Nonetheless, we’ve witnessed that “Lifestyle with gardening” has been penetrated and embedded in everyday life. In the face of COVID-19, and continuously in “with and after COVID-19” era, people worldwide reaffirmed the importance of health (garden therapy), culture (emotion, arte), and environment (green, nature).

Especially in U.S., surging demand for Gardening & Exterior has raised the average expenditure for lawn care and horticultural activities. Also, people, especially young generation, are convinced of the importance and necessity of gardening out of growing consciousness for health and cost; at the face of pricing increase in fruit and vegetables, self-sufficient and self-reliant in growing their own food.

Furthermore, Also, greenery-enclosed spaces within landscape and garden rooms are gaining popularity abroad, especially in Europe.

Walls of flora give people various comforts. People become immersed in the natural world, a practice known as “nature bathing”, which can reduce stress and even improve concentration; for further privacy, people hide a neighbor’s house with a towering garden tree hedge, and for noise reduction, people utilize greenery to buffer sound from outside the yard.

The garden room functions like rooms in a house - extended to outdoor, for reading, resting, entertaining. Better yet, they visually “enlarge” the outdoor area. Rejecting the idea of a mere open lawn, many people transform it into architecturally interconnected garden spaces, for example, a porch room/garden room, a parterre, a dining area, and a pool..

Additionally, we will further foster our effort and boost overseas business by horizontally roll-out our success model in Australian market to U.S. market.

Overseas segment Highlight (January 21, 2023, to July 20, 2023)

(Millions of yen)	FY2024 2Q (Six months ended July 20, 2023)	FY2023 2Q (Six months ended July 20, 2022)	Increase or Decrease	%
Revenue	1,081	1,005	75	107.5

Gross margin and operating income etc.

Although we maintained approximately same level of sales YoY, gross margin decreased by 0.6 points (increased 1.1 point compared to FY2024 forecast) compared to the same quarter of FY2023, when a large proportion of sales was composed of cheap FY2022 inventories (before skyrocketing prices in materials and freights). Comparatively high-cost inventories, affected by price increase in FY2023, were included in the calculation of cost of goods for sales in FY2024, and lowered gross profit margin accordingly.

As for the sales and administrative costs, sales and administrative costs increased, since, to enhance our brand value and fuel future growth, we continued proactive advertising, and sales promotion, etc., such as real exhibitions reopened after COVID-19 pandemic, and DX-enabled sales promotion by broadcasting TV commercials which are linked with our web platform.

Other up-front investments in the value creation levers, such as CAPEX and recruiting for higher productivities, also increased sales and administrative costs.

As a result, operating income decreased to 49.1% (achieved 62.6% of budget) compared to the same quarter of FY2023.

Ordinary income decreased to 43.7% (achieved 77.4% of budget) compared to the same quarter of FY2023. Foreign exchange gain decreased to 80 million yen due to the sharp reverse trend in the exchange market (yen’s depreciation), from the same quarter of FY2023, when the company recorded 269 million yen of foreign exchange gain.

Our mission, SDGs initiatives and business development

Passion for our establishment was “Heart and Art”, which has never been changed nor forgotten ever since. Underpinned with our passion and mission, we have a long history of and reputation for designed gardening and innovation, inspired by traditional Japanese aesthetics (such as wabi-sabi, elegance and refinement) and British garden cultures etc., integrating the beauty of nature into daily lives and spiritual values.

As society has been taking a transformational shift to low-carbon and resource-smart products, we have determined to accelerate the ambitions commitments and foster the proactive efforts in our journey towards ESG

and SDGs excellence. We believe ESG is embedded into our business itself, i.e., the promotion of our products directly leads to the solution or mitigation of environmental and social problems.

We are continuously pioneering products and solutions that help customers make more sustainable choices every day. For example, our Eco Garden (3R: Recycle, Reduce, Reuse) ensures sustainable consumption and production patterns. Especially, since customers can virtually experience quasi-real feelings at our DX-enabled showroom, namely, a resource-smart customer experience, we don't need to produce waste (Reduce waste in advance); produce only high-quality products that can be cherished for a long time. Of course, this DX is also introduced into our product development and manufacturing phases; resulting in higher quality, shortened time to market and making factories and workplaces more energy-operational efficient.

Also, aforementioned eco-electrification gatepost equipped with V2H is part of our sustainability agenda and will promote GX (Green transformation) and contributes to reduce our carbon footprint.

Compliance requirements pertaining to sustainability issues are on the rise. Increasingly, investors, customers and other affected communities are becoming more aware about sustainability considerations and implications. Beyond as a mere compliance issue, the company positioned climate change measures as a significant management theme and opportunities and will begin considering the disclosure in accordance with the TCFD (Task force on Climate-related Financial Disclosures), starting in the 4th quarter of FY2024.

In addition, to ensure proper implementation of such climate change measures, the Board of Directors will develop the necessary mechanism, including the establishment of a Sustainability Committee, which supports the management and oversight of sustainability in a focused and coordinated way across the company.

As for the business development by each segment, in pro-use segment, we further promote our new multidimensional business model, innovative synergy of online, virtual, and real, more precisely, DX-enabled proposals leveraging AR & VR, in order not only to enhance our brand value and fuel future growth in sales promotions, but also to strengthen sales and promotion campaign of landscape business. Also, as we are socially and environmentally engaged company, we will further implement sales initiatives towards galvanization of regional economy and sustainability.

In home-use segment, we will further promote our growing e-commerce, product development in our own factories, and horizontal roll-out of global products. Also, we will launch "Living Garden Store (owned media for e-commerce)" and revise product mix so that our sales volume will be unaffected by bad weather.

In overseas segment, we will promote new transactions with home centers in U.S., and pioneer untapped regions (France, Italy, etc). Also, in order to strengthen online sales, focusing "VEGTRUG.COM (owned media for e-commerce)", we will develop and introduce new products. There, we comprehensively propose "Facade Exterior & Living Garden" lifestyle.

(2) Explanation on the Financial Position

① Status of Assets, Liabilities, and Net assets

<Assets>

Current assets at the end of FY2024 2Q amounted to 17,210,721 thousand yen, an increase of 1,826,744 thousand yen from the end of FY2023 4Q, primarily due to increased cash and deposits of 5,431,865 thousand yen (up 1,224,979 thousand yen from the end of FY2023 4Q) and increased note receivable, account receivable and contract assets of 3,210,946 thousand yen (up 520,497 thousand yen from the end of FY2023 4Q).

Fixed assets at the end of FY2024 2Q amounted to 8,728,028 thousand yen, an increase of 472,001 thousand yen from the end of FY2023 4Q, mainly due to increased construction in progress of 345,911 thousand yen (up 310,235 thousand yen from the end of FY2023 4Q).

As a result, total assets at the end of FY2024 2Q amounted to 25,938,749 thousand yen, an increase of 2,298,746 thousand yen from the end of FY2023 4Q.

<Liabilities>

Current liabilities at the end of FY2024 2Q amounted to 11,593,498 thousand yen, an increase of 2,206,977 thousand yen from the end of FY2023 4Q, mainly due to an increased notes and accounts payable-trade of 4,568,165 thousand yen (down 800,607 thousand yen from the end of FY2023 4Q) and increased short-term loans payable of 5,066,466 thousand yen (up 1,150,669 thousand yen from the end of FY2023 4Q).

Fixed liabilities at the end of FY2024 2Q amounted to 1,265,709 thousand yen, an increase of 401,494 thousand yen from the end of FY2023 4Q, mainly due to an increase of long-term loans payable of 457,043 thousand yen (up 382,043 thousand yen from the end of FY2023 4Q).

As a result, total liabilities at the end of FY2024 2Q amounted to 12,859,208 thousand yen, an increase of 2,608,472 thousand yen from the end of FY2023 4Q.

<Net assets>

Total net assets at the end of FY2024 2Q amounted to 13,079,541 thousand yen, a decrease of 309,725 thousand yen from the end of FY2023 4Q, mainly due to treasury shares of 503,632 thousand yen (up 491,118 thousand yen from the end of FY2023 4Q) and retained earnings of 6,074,422 thousand yen (down 178,433 thousand yen from the end of FY2023 4Q), partially offset by an increase of other comprehensive income of 1,243,158 thousand yen (up 351,603 thousand yen from the end of FY2023 4Q).

② Explanation on the Cash Flows

Cash and cash equivalents (hereafter, referred to as “cash”) at the end of FY2024 2Q amounted to 5,431,865 thousand yen, an increase of 1,224,979 thousand yen from the end of FY2023 4Q.

Cash flows from each activity and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities from Jan. 21, 2023, to Jul. 20, 2023 amounted to 1,099,259 thousand yen (236,334 thousand yen was used in operating activities in the same quarter of FY2023).

This is mainly attributable to the increased depreciation of 374,741 thousand yen (355,447 thousand yen in the same quarter of FY2023) and increase in changed amount of accounts payable to 741,739 thousand yen (decrease in changed amount of accounts payable to 304,872 thousand yen in the same quarter of FY2023), partially offset by decreased “Profit before tax” to 470,571 thousand yen (1,100,947 thousand yen in the same quarter of FY2023).

(Cash flows from investing activities)

Net cash used in investing activities from Jan. 21, 2023, to Jul. 20, 2023 amounted to 396,183 thousand yen (376,955 thousand yen net cash was used in investing activities in the same quarter of FY2023). This is mainly attributable to 317,772 thousand yen of acquisition payment for tangible assets (278,926 thousand yen in the same quarter of FY2023).

(Cash flows from financing activities)

Net cash provided by financing activities from Jan. 21, 2023, to Jul. 20, 2023 amounted to 639,008 thousand yen (416,820 thousand yen net cash was provided by investing activities in the same quarter of FY2023).

This is mainly attributable to a net increase in short-term loan of 1,140,970 thousand yen (925,698 thousand yen in the same quarter of FY2023), partially offset by 492,465 thousand yen cash disbursement for the acquisition of treasury stocks (None in the same quarter of FY2023).

(3) Explanation on Future Performance Forecast

At present, there are no changes to the consolidated earnings forecast for the full year announced on March 3, 2023.

2. Quarterly Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY2023 4Q (As of Jan. 20, 2023)	FY2024 2Q (As of Jul. 20, 2023)
ASSETS		
CURRENT ASSETS:		
Cash and deposits	4,206,885	5,431,865
Note receivable, account receivable and contract assets	2,690,448	3,210,946
Electronically recorded receivables	637,845	582,012
Merchandise and finished goods	4,964,609	5,237,728
Work in process	498,257	549,407
Raw materials and supplies	1,581,365	1,545,332
Other current assets	947,746	796,704
Allowance for doubtful accounts	△143,182	△143,275
Total current assets	15,383,976	17,210,721
NON-CURRENT ASSETS:		
Tangible assets		
Property, plant and equipment		
Buildings and structures, net	3,825,373	3,777,746
Land	1,136,609	1,136,609
Construction in progress	35,675	345,911
Others	1,249,059	1,276,908
Total tangible assets	6,246,717	6,537,176
Intangible assets		
Goodwill	51,722	34,515
Others	459,309	504,182
Total intangible assets	511,032	538,697
Investments and other assets		
Investment securities	281,434	318,006
Deferred tax assets	177,502	201,981
Others	1,059,441	1,150,769
Allowance for doubtful accounts	△20,102	△18,602
Total investment and other assets	1,498,276	1,652,154
Total non-current assets	8,256,026	8,728,028
TOTAL ASSETS	23,640,002	25,938,749
LIABILITIES		
CURRENT LIABILITIES:		
Note and accounts payable	2,570,448	3,188,355
Electronically recorded payables	1,197,109	1,379,809
Short-term borrowings	3,915,796	5,066,466
Current portion of long-term borrowings	36,000	135,960
Income taxes payable	313,029	300,948
Provision for bonuses	27,141	25,084
Other current liabilities	1,326,996	1,496,875
Total current liabilities	9,386,521	11,593,498
LONG-TERM LIABILITIES:		
Long-term borrowings	75,000	457,043
Retirement benefit liability	11,110	13,637
Asset retirement obligations	236,166	239,833
Other long-term liabilities	541,938	555,194
Total long-term liabilities	864,215	1,265,709
TOTAL LIABILITIES	10,250,736	12,859,208

(Thousands of yen)

	FY2023 4Q (As of Jan. 20, 2023)	FY2024 2Q (As of Jul. 20, 2023)
NET ASSETS		
Shareholders' equity		
Share capital	3,043,623	3,043,623
Capital surplus	3,099,197	3,098,907
Retained earnings	6,252,855	6,074,422
Treasury shares	△12,514	△503,632
Total shareholders' equity	12,383,162	11,713,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	140,290	165,613
Deferred gains or losses on hedges	△7,052	25,276
Foreign currency translation adjustment	751,031	978,310
Remeasurements of defined benefit plans	7,284	73,957
Total accumulated other comprehensive income	891,554	1,243,158
Stock subscription rights	1,025	943
Non-controlling interests	113,524	122,118
TOTAL NET ASSETS	13,389,266	13,079,541
TOTAL LIABILITIES and NET ASSETS	23,640,002	25,938,749

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

(Quarterly Consolidated Statement of Income, Cumulative)

(Thousands of yen)

	FY2023 2Q (From Jan. 21, 2022, to Jul. 20, 2022)	FY2024 2Q (From Jan. 21, 2023, to Jul. 20, 2023)
Net sales	11,022,284	10,687,644
Cost of revenue	6,070,931	5,957,448
Gross profit	4,951,352	4,730,196
Selling, general and administrative expenses	4,165,137	4,343,957
Operating income	786,215	386,238
Non-operating income		
Interest income	3,863	3,180
Dividends income	2,496	2,856
Royalty income	22,262	22,217
Foreign exchange gain	269,009	80,199
Miscellaneous income	63,773	58,635
Total non-operating income	361,405	167,090
Non-operating expenses		
Interest expense	36,242	57,736
Commitment fee	1,961	276
Other	10,756	15,094
Total non-operating expenses	48,961	73,107
Ordinary income	1,098,660	480,221
Extraordinary gains		
Gain on sales of non-current assets	2,287	8,641
Total extraordinary gains	2,287	8,641
Extraordinary losses		
Loss on retirements of non-current assets	—	472
Loss on sales of non-current assets	—	1,170
Impairment losses	—	16,648
Total extraordinary losses	—	18,292
Income before income taxes	1,100,947	470,571
Income tax - current	384,762	292,503
Income tax - deferred	32,400	△50,125
Total income taxes	417,163	242,377
Quarterly net income	683,784	228,194
attributable to noncontrolling interests	4,479	3,151
attributable to owners of the parent	679,305	225,043

(Quarterly Consolidated Statement of Comprehensive Income, Cumulative)

(Thousands of yen)

	FY2023 2Q (From Jan. 21, 2022, to Jul. 20, 2022)	FY2024 2Q (From Jan. 21, 2023, to Jul. 20, 2023)
Quarterly net income	683,784	228,194
Other comprehensive income		
Valuation difference on available-for-sale securities	19,118	25,323
Deferred gains or losses on hedges	74,602	32,329
Foreign currency translation adjustment	622,246	232,721
Remeasurements of defined benefit plans	△3,699	66,672
Total accumulated other comprehensive income	712,267	357,046
Comprehensive income	1,396,052	585,240
attributable to owners of parent	1,378,301	576,646
attributable to non-controlling interests	17,751	8,593

(3) Quarterly Consolidated Statement of Cash Flows
(Quarterly Consolidated Statement of Cash Flows, Cumulative)

(Thousands of yen)

	FY2023 2Q (From Jan. 21, 2022, to Jul. 20, 2022)	FY2024 2Q (From Jan. 21, 2023, to Jul. 20, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	1,100,947	470,571
Depreciation	355,447	374,741
Goodwill amortization	5,845	5,636
Increase (decrease) in allowance for doubtful accounts	6,078	3,022
Increase (decrease) in provision for bonuses	4,592	△2,057
Interest and dividend income	△6,359	△6,037
Interest expenses	36,242	57,736
Foreign exchange losses (gains)	32,466	1,919
Loss (gain) on retirement of property, plant and equipment and intangible assets	—	472
Impairment losses	—	16,648
Decrease (increase) in accounts receivable	△366,822	△441,056
Decrease (increase) in inventory	△748,385	△28,160
Decrease (increase) in other current assets	△2,612	224,607
Increase (decrease) in accounts payable	△304,872	741,739
Increase (decrease) in other current liabilities	△50,962	△37,688
Increase (decrease) in unpaid consumption tax	23,659	56,371
Increase (decrease) by other operating activities	25,016	17,978
Subtotal	110,282	1,456,445
Interest and dividends received	6,359	6,037
Interest paid	△35,787	△58,640
Income taxes paid	△317,190	△304,584
Net cash provided by (used in) operating activities	△236,334	1,099,259
Cash flows from investing activities		
Purchase of property, plant and equipment	△278,926	△317,772
Proceeds from sale of property, plant and equipment	—	8,989
Purchase of intangible assets	△79,884	△91,109
Purchase of investment securities	△160	△156
Increase (decrease) by other investing activities	△17,983	3,865
Net cash provided by (used in) investing activities	△376,955	△396,183
Cash flows from financing activities		
Net increase (decrease) from short-term borrowings	925,698	1,140,970
Proceeds from long-term borrowings	—	500,003
Repayment of long-term borrowings	△21,140	△18,000
Proceeds from sale of treasury shares	2,928	976
Purchase of treasury shares	—	△492,465
Dividends paid	△403,110	△403,476
Increase (decrease) by other financing activities	△87,555	△88,999
Net cash provided by (used in) financing activities	416,820	639,008
Effect of exchange rate change on cash and cash equivalents	326,160	△117,103
Net increase (decrease) in cash and cash equivalents	129,689	1,224,979
Cash and cash equivalents at beginning of period	5,600,181	4,206,885
Cash and cash equivalents at end of period	5,729,871	5,431,865

(4) Notes to Quarterly Consolidated Financial Statement

(Note on Going Concern): None

(Note on Significant Change in Equity Capital):

The Company repurchased 700,000 shares of treasury stocks in accordance with a resolution of the Board of Directors on March 3, 2023. As a result, treasury stocks at the end of FY2024 2Q amounted to 503,632 thousand yen, an increase of 492,465 thousand yen from the end of FY2023 4Q.