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Consolidated Financial Results for the Fiscal Year Ended June 20, 2023 [Japanese GAAP]



August 1, 2023

Company name: KING JIM CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7962

URL: <https://www.kingjim.co.jp/english/>

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Scheduled date of Annual General Meeting of Shareholders: September 14, 2023

Scheduled date of filing annual securities report: September 14, 2023

Scheduled date of commencing dividend payments: September 15, 2023

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: None (video distribution only)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended June 20, 2023 (June 21, 2022 to June 20, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended June 20, 2023	39,393	7.5	368	(63.4)	637	(52.4)	419	(46.8)
June 20, 2022	36,636	0.9	1,007	(58.3)	1,338	(51.4)	788	(59.8)

(Note) Comprehensive income: Fiscal year ended June 20, 2023: ¥1,209 million [40.8%]

Fiscal year ended June 20, 2022: ¥859 million [(67.6)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
June 20, 2023	14.72	14.66	1.7	1.8	0.9
June 20, 2022	27.69	27.57	3.3	4.2	2.8

(Reference) Share of profit (loss) of investments accounted for using equity method:

Fiscal year ended June 20, 2023: ¥— million

Fiscal year ended June 20, 2022: ¥— million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 20, 2023	35,812	24,833	69.1	867.29
As of June 20, 2022	33,512	24,231	72.0	846.80

(Reference) Equity: As of June 20, 2023: ¥24,746 million

As of June 20, 2022: ¥24,135 million

(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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
June 20, 2023	166	(1,234)	1,065	5,923
June 20, 2022	(1,278)	(3,578)	3,206	5,637

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
June 20, 2022	-	7.00	-	15.00	22.00	627	79.5	2.6
June 20, 2023	-	7.00	-	7.00	14.00	399	95.1	1.6
Fiscal year ending June 20, 2024 (Forecast)	-	7.00	-	7.00	14.00		66.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 20, 2024 (June 21, 2023 to June 20, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	19,900	7.1	0	-	80	-	40	-	1.40
Full year	42,000	6.6	700	90.1	900	41.2	600	42.9	21.03

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
June 20, 2023: 31,459,692 shares
June 20, 2022: 31,459,692 shares
 - 2) Total number of treasury shares at the end of the period:
June 20, 2023: 2,926,776 shares
June 20, 2022: 2,957,834 shares
 - 3) Average number of shares during the period:
Fiscal year ended June 20, 2023: 28,520,767 shares
Fiscal year ended June 20, 2022: 28,491,160 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended June 20, 2023 (June 21, 2022 to June 20, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 20, 2023	23,820	(0.5)	27	(94.9)	264	(65.3)	254	(46.2)
June 20, 2022	23,929	(6.8)	543	(61.9)	762	(53.6)	473	(58.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 20, 2023	8.94	8.90
June 20, 2022	16.63	16.56

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 20, 2023	29,065	19,835	67.9	692.11
As of June 20, 2022	26,914	19,670	72.8	687.09

(Reference) Equity: As of June 20, 2023: ¥19,747 million

As of June 20, 2022: ¥19,583 million

* These consolidated financial results are outside the scope of an audit by certified public accountants or audit firms

* Explanation of the proper use of financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document, and are not intended as a guarantee by the Company that they will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the financial results forecast and precautions regarding their use, please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 4.
- Supplementary briefing materials for the financial results will be posted on the Company’s website today. In addition, a financial results briefing video will be distributed on the Company’s website around the end of August 2023.

Supplementary briefing material (Japanese only): <https://www.kingjim.co.jp/ir/library/tansin.html>

Financial results briefing video (Japanese only): <https://www.kingjim.co.jp/ir/event/presentation.html>

Table of Contents - Attachments

1. Overview of Business Results, etc.	2
(1) Overview of Business Results for the Period Under Review.....	2
(2) Overview of Financial Position for the Period Under Review.....	3
(3) Overview of Cash Flows for the Period Under Review.....	3
(4) Future Outlook.....	4
(5) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years.....	5
2. Basic Stance Concerning Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Primary Notes.....	6
(1) Consolidated Balance Sheets.....	6
(2) Consolidated Statements of Income and Comprehensive Income.....	8
(3) Consolidated Statements of Changes in Equity.....	10
(4) Consolidated Statements of Cash Flows.....	12
(5) Notes to the Consolidated Financial Statements.....	14
(Notes on going concern assumption).....	14
(Segment information).....	14
(Per share information).....	16
(Significant subsequent events).....	16

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

During the fiscal year ended June 20, 2023, the Japanese economy showed signs of a moderate recovery from the contraction trend of economic activities caused by COVID-19, but the situation remained harsh due to the impact of continued rising prices, as well as volatile financial and capital markets reflecting monetary tightening policies globally.

Under these circumstances, KING JIM CO., LTD. (the “Company”) has been implementing measures to achieve the goals of its 10th Medium-Term Management Plan (fiscal year ended June 20, 2022 to fiscal year ending June 20, 2024).

While further strengthening its core businesses such as TEPPA and filing tools, the Company is focusing on growth fields, such as by expanding sales of the interior lifestyle business and hygiene and health products, and expanding its business domain through mergers and acquisitions.

As for the consolidated business results for the fiscal year ended June 20, 2023, the contribution of sales by Life on Products, Inc., which was turned into a subsidiary in November 2021, and by HIM Co., Ltd., which was absorbed and merged with the Group in February 2023, resulted in net sales amounting to ¥39,393.89 million (up 7.5% year on year). In terms of profit, operating profit was ¥368.30 million (down 63.4% year on year) and ordinary profit was ¥637.27 million (down 52.4% year on year). The decreases were due to the sharp depreciation of the yen and a surge in distribution costs and others, in addition to continued higher prices of raw materials, despite the Company’s efforts to assure profitability by revising the prices of products. Profit attributable to owners of parent was ¥419.79 million (down 46.8% year on year). The decrease was due to gain on sale of investment securities through the sale of cross-shareholdings recorded as extraordinary income and settlement income in connection with the delayed restructuring of the sales distribution system.

Business results by segment are as follows.

A. Stationery and office supply business

In the stationery and office supply business, the core business of the Company, we strived to expand sales by proposing new applications and renewing products to stimulate demand. In the TEPPA category, we released the SR-R2500P, which enables easy label creation with a smartphone. In stationery, the Company launched the "COLOR SELECTION" series, a renewal of regular products in trendy colors, and “favluv” binder series which is available in a wide variety of eight colors for those who enjoy cheering on their favorite anime characters and idols. As for each category of growth fields, the Company developed and released products that meet the needs of the market. In digital stationery, the Company released pomera DM250, a new model of the pomera digital memo. In hygiene and health products, we released DROPLET CATCHER that absorbs droplets in the air generated during a conversation. In office and living environment products, we launched Alcohol Checker that can detect alcohol in breath, ahead of the revision of the Regulations for Enforcement of the Road Traffic Act, under which a breath test for alcohol will be mandatory even for general business operators.

In terms of measures to expand sales channels, in addition to continuing to develop new channels, the Company proactively promoted initiatives such as the use of television shopping channels and proposals for our hygiene and health products to educational institutions and the construction industry. To meet the growing interest in power-saving measures, we are running a campaign for HYBRID-FAN that can be attached to air conditioners to improve air conditioning efficiency. In addition, we strived to increase the level of recognition and achieve the sale of our disaster supplies kits by exhibiting at the 18th Office Disaster Prevention EXPO [Spring] held at Tokyo Big Sight from May 10 to May 12, 2023, as well as creating a pamphlet titled “All You Need to Know About Disaster Prevention Goods.” We thus worked to capture new demand from a perspective unique to an office supply manufacturer. Furthermore, the EC business grew due to the addition of sales in connection with the absorption-type merger of HIM Co., Ltd.

However, the reactionary decline of “tette,” a hand sanitizer dispenser that recorded strong performance in the previous fiscal year, resulted in net sales of ¥25,933.56 million (down 0.5% year on year). Operating loss was ¥20.07 million (operating profit of ¥526.71 million in the previous fiscal year) due to sustained high raw material prices in addition to sharp yen depreciation and soaring distribution costs.

B. Interior lifestyle business

BON FURNITURE CO., LTD. posted increased sales, particularly in storage products. In new products, in addition to its mainstay knockdown furniture, it launched a new category of lighting fixtures such as pendant lights and storage products for children, and sales were strong. In addition, GEKIKAGU, our flagship store, received the "Rakuten SHOP OF THE YEAR 2022 Furniture & Storage Category Prize." Life on Products, Inc.'s new summer products, such as Collar Air Fan and 3WAY Aroma Handy Fan, performed well. The company also launched a new product brand, "Life on Products," bearing its name, and held a presentation. LADONNA CO., LTD. saw sales of its mainstay kitchen appliances slow slightly and remain at the same level as the previous year. Toffy brand awareness is spreading and media exposure and novelty orders are increasing. Orders for photo frames, specifically the mainstay products for camera mass retailers, remained stable. ASCA CO., LTD. saw sales of its mainstay flower materials perform well due to a recovery in the demand for photo studio decoration and the bridal business. Greenery and foliage plants continued to perform well, due to the uptake of demand for office decorations.

As a result, net sales were ¥13,460.33 million (up 27.3% year on year), thanks not only to robust sales in BON FURNITURE CO., LTD. and ASCA CO., LTD., but also to the addition of Life on Products, Inc., which became a subsidiary of the Group in November 2021. Operating profit was ¥370.77 million (down 19.9% year on year) due to an increase in the cost of sales ratio caused by sharp yen depreciation.

(2) Overview of Financial Position for the Period Under Review

Total assets as of June 20, 2023 increased by ¥2,299.96 million from the end of the previous fiscal year to ¥35,812.14 million. This is mainly attributable to increases in merchandise and finished goods of ¥1,228.13 million, investment securities of ¥770.28 million, and goodwill of ¥235.75 million primarily due to the acquisition of HIM Co., Ltd.'s shares.

Liabilities increased by ¥1,698.54 million from the end of the previous fiscal year to ¥10,978.81 million. This is mainly attributable to an increase in short-term borrowings of ¥2,150.00 million due to working capital needs.

Net assets increased by ¥601.41 million from the end of the previous fiscal year to ¥24,833.33 million. This is mainly attributable to increases in valuation difference on available-for-sale securities of ¥503.35 million and foreign currency translation adjustment of ¥200.72 million.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as “cash”) as of June 20, 2023 increased by ¥286.36 million from the end of the previous fiscal year to ¥5,923.75 million (up 5.1% year on year).

The status of each cash flow and their factors for the fiscal year ended June 20, 2023 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities were ¥166.26 million (net cash used in operating activities of ¥1,278.30 million for the previous fiscal year). This is mainly attributable to profit before income taxes of ¥817.09 million and depreciation of ¥631.63 million, despite an increase in inventories of ¥874.45 million as well as income taxes paid of ¥346.21 million.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥2,343.92 million from the previous fiscal year to ¥1,234.86 million. This is mainly attributable to the purchase of shares of subsidiaries of ¥550.00 million, purchase of property, plant and equipment of ¥385.00 million, and purchase of intangible assets of ¥251.65 million, despite proceeds from sale of investment securities of ¥232.50 million.

(Cash flows from financing activities)

Net cash provided by financing activities decreased by ¥2,141.31 million from the previous fiscal year to ¥1,065.32 million. This is mainly attributable to net increase in short-term borrowings of ¥2,150.00 million, despite dividends paid of ¥626.16 million and repayments of long-term borrowings of ¥448.40 million.

(Reference) Trends in cash flow-related indicators

	Fiscal year ended June 20, 2019	Fiscal year ended June 20, 2020	Fiscal year ended June 20, 2021	Fiscal year ended June 20, 2022	Fiscal year ended June 20, 2023
Equity ratio (%)	81.3	77.7	78.6	72.0	69.1
Equity ratio based on fair value (%)	92.0	95.2	85.9	75.5	72.2
Cash flow to interest-bearing debt ratio (years)	0.1	0.5	0.1	(3.5)	37.0
Interest coverage ratio (times)	266.0	265.6	455.0	(55.7)	3.9

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interest paid

* The indicators were calculated using consolidated financial figures.

* The total market value of shares was calculated based on the total number of shares issued (less treasury shares).

* Operating cash flow is used as cash flow.

* Interest-bearing debts include all liabilities recorded on the consolidated balance sheets for which interest is paid.

(4) Future Outlook

While the Japanese economy is showing signs of gradual recovery, partly due to a recovery in personal consumption and an increase in inbound demand as social activities normalize, downside risks remain, such as high prices and the risk of a global economic slowdown. In addition, the business environment surrounding the Company is changing as the paperless movement and digitization are progressing due to COVID-19.

In response to such changes in the economic and business environment, in the fiscal year ending June 20, 2024, the final year of the Group's 10th Medium-Term Management Plan, the Group will strive to sustainably increase corporate value through the development of new products and by uncovering new demand in both the stationery and office supply business and the interior lifestyle business under the policies of "focus on growth fields" and "further strengthen core businesses."

In growth fields, we will proactively launch new products, mainly in the fields of office and living environment products and interior lifestyle business. In the core businesses, the Company will implement sales promotion and advertising measures to increase the level of recognition and propose new applications regarding TEPPRA.

As a result of the above measures, for the next fiscal year, it is forecast that net sales will increase by 6.6% year on year to ¥42,000 million, operating profit will increase by 90.1% year on year to ¥700 million, ordinary profit will increase by 41.2% year on year to ¥900 million, and profit attributable to owners of parent will increase by 42.9% year on year to ¥600 million.

(5) Basic Policy Regarding Distribution of Profits and Dividends for the Current and Next Fiscal Years

The Company's dividend policy is to aim for stable dividends with a payout ratio of 40% based on profit attributable to owners of parent, taking into consideration the overall need for further returns to shareholders and internal reserves for the execution of flexible management measures.

For the fiscal year ended June 20, 2023, the Company plans to propose a year-end ordinary dividend of ¥7 per share to the Annual General Meeting of Shareholders to be held on September 14, 2023. Since the Company paid an interim dividend of ¥7 per share for the fiscal year ended June 20, 2023, the total annual dividend is expected to be ¥14 per share.

For the next fiscal year, the Company plans to pay an interim dividend of ¥7 per share and a year-end dividend of ¥7 per share, for a total of ¥14 per share.

2. Basic Stance Concerning Selection of Accounting Standards

For the time being, the Group intends to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and the comparability among enterprises.

The Group intends to consider the application of international accounting standards in the future, taking into account trends in the ratio of foreign shareholders and the application of international accounting standards by other domestic companies in the same industry.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 20, 2022	As of June 20, 2023
Assets		
Current assets		
Cash and deposits	6,078,942	6,372,104
Notes receivable - trade	453,185	419,505
Accounts receivable - trade	4,919,830	4,647,476
Merchandise and finished goods	8,775,732	10,003,871
Work in process	476,895	392,743
Raw materials and supplies	1,599,620	1,457,402
Other	788,394	814,015
Allowance for doubtful accounts	(2,624)	(385)
Total current assets	23,089,976	24,106,732
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,094,134	6,163,085
Accumulated depreciation	(3,888,196)	(4,054,465)
Buildings and structures, net	2,205,938	2,108,619
Machinery, equipment and vehicles	3,101,267	3,281,832
Accumulated depreciation	(2,819,117)	(2,986,364)
Machinery, equipment and vehicles, net	282,149	295,467
Land	1,588,784	1,582,384
Construction in progress	103,220	170,930
Other	2,932,739	2,999,850
Accumulated depreciation	(2,674,249)	(2,759,704)
Other, net	258,489	240,145
Total property, plant and equipment	4,438,582	4,397,548
Intangible assets		
Goodwill	1,232,624	1,468,377
Other	628,658	751,694
Total intangible assets	1,861,283	2,220,071
Investments and other assets		
Investment securities	2,167,593	2,937,881
Retirement benefit asset	1,293,228	1,516,615
Deferred tax assets	244,658	196,139
Other	419,149	439,105
Allowance for doubtful accounts	(2,287)	(1,949)
Total investments and other assets	4,122,341	5,087,793
Total non-current assets	10,422,208	11,705,413
Total assets	33,512,184	35,812,145

(Thousands of yen)

	As of June 20, 2022	As of June 20, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,618,476	1,334,717
Short-term borrowings	1,040,000	3,190,000
Current portion of long-term borrowings	450,055	505,547
Income taxes payable	218,277	188,871
Accounts payable - other	880,632	811,689
Provision for bonuses for directors (and other officers)	33,312	17,952
Contract liabilities	26,259	35,805
Other	855,420	959,533
Total current liabilities	5,122,431	7,044,116
Non-current liabilities		
Long-term borrowings	2,769,278	2,265,384
Deferred tax liabilities	542,364	819,665
Retirement benefit liability	473,620	452,213
Asset retirement obligations	30,751	31,447
Other	341,819	365,984
Total non-current liabilities	4,157,834	3,934,694
Total liabilities	9,280,266	10,978,811
Net assets		
Shareholders' equity		
Share capital	1,978,690	1,978,690
Capital surplus	1,717,573	1,718,670
Retained earnings	22,487,418	22,279,949
Treasury shares	(2,614,703)	(2,587,278)
Total shareholders' equity	23,568,979	23,390,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	545,185	1,048,538
Deferred gains or losses on hedges	3,548	5,179
Foreign currency translation adjustment	(6,842)	193,884
Remeasurements of defined benefit plans	24,528	108,612
Total accumulated other comprehensive income	566,420	1,356,214
Share acquisition rights	87,088	87,088
Non-controlling interests	9,430	—
Total net assets	24,231,917	24,833,334
Total liabilities and net assets	33,512,184	35,812,145

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Net sales	36,636,516	39,393,899
Cost of sales	23,159,303	25,203,192
Gross profit	13,477,212	14,190,706
Selling, general and administrative expenses	12,469,604	13,822,398
Operating profit	1,007,607	368,308
Non-operating income		
Interest income	12,813	20,077
Dividend income	63,014	84,925
Foreign exchange gains	75,961	34,575
Rental income	150,528	151,052
Subsidy income	17,266	7,750
Other	77,438	66,772
Total non-operating income	397,023	365,153
Non-operating expenses		
Interest expenses	18,663	42,744
Rental costs	44,264	47,010
Other	3,110	6,429
Total non-operating expenses	66,039	96,184
Ordinary profit	1,338,592	637,277
Extraordinary income		
Gain on sale of non-current assets	652	139
Gain on sale of investment securities	911	136,209
Gain on sale of investment in affiliated companies	—	14,693
Settlement income	—	20,680
Gain on extinguishment of tie-in shares	—	8,477
Total extraordinary income	1,563	180,199
Extraordinary losses		
Loss on sale of non-current assets	—	261
Loss on retirement of non-current assets	115,100	122
Loss on valuation of investment securities	478	—
Total extraordinary losses	115,578	384
Profit before income taxes	1,224,577	817,092
Income taxes - current	375,850	283,491
Income taxes - deferred	58,734	89,677
Income taxes for prior periods	—	24,031
Total income taxes	434,584	397,201
Profit	789,993	419,891
Profit attributable to non-controlling interests	1,210	101
Profit attributable to owners of parent	788,782	419,790

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Profit	789,993	419,891
Other comprehensive income		
Valuation difference on available-for-sale securities	(187,209)	503,352
Deferred gains or losses on hedges	2,636	1,630
Foreign currency translation adjustment	370,036	200,726
Remeasurements of defined benefit plans, net of tax	(116,397)	84,084
Total other comprehensive income	69,066	789,793
Comprehensive income	859,059	1,209,685
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	857,848	1,209,584
Comprehensive income attributable to non-controlling interests	1,210	101

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended June 20, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,978,690	1,717,573	22,468,110	(2,638,851)	23,525,522
Changes during period					
Dividends of surplus			(769,004)		(769,004)
Profit attributable to owners of parent			788,782		788,782
Purchase of treasury shares				(226)	(226)
Disposal of treasury shares			(469)	24,374	23,905
Purchase of shares of consolidated subsidiaries					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	19,308	24,147	43,456
Balance at end of period	1,978,690	1,717,573	22,487,418	(2,614,703)	23,568,979

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	732,394	912	(376,878)	140,925	497,353	87,088	8,219	24,118,184
Changes during period								
Dividends of surplus								(769,004)
Profit attributable to owners of parent								788,782
Purchase of treasury shares								(226)
Disposal of treasury shares								23,905
Purchase of shares of consolidated subsidiaries								—
Net changes in items other than shareholders' equity	(187,209)	2,636	370,036	(116,397)	69,066	—	1,210	70,277
Total changes during period	(187,209)	2,636	370,036	(116,397)	69,066	—	1,210	113,733
Balance at end of period	545,185	3,548	(6,842)	24,528	566,420	87,088	9,430	24,231,917

For the fiscal year ended June 20, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,978,690	1,717,573	22,487,418	(2,614,703)	23,568,979
Changes during period					
Dividends of surplus			(627,258)		(627,258)
Profit attributable to owners of parent			419,790		419,790
Purchase of treasury shares				(82)	(82)
Disposal of treasury shares		965		27,507	28,472
Purchase of shares of consolidated subsidiaries		131			131
Net changes in items other than shareholders' equity					
Total changes during period	—	1,097	(207,468)	27,424	(178,946)
Balance at end of period	1,978,690	1,718,670	22,279,949	(2,587,278)	23,390,032

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	545,185	3,548	(6,842)	24,528	566,420	87,088	9,430	24,231,917
Changes during period								
Dividends of surplus								(627,258)
Profit attributable to owners of parent								419,790
Purchase of treasury shares								(82)
Disposal of treasury shares								28,472
Purchase of shares of consolidated subsidiaries								131
Net changes in items other than shareholders' equity	503,352	1,630	200,726	84,084	789,793	—	(9,430)	780,363
Total changes during period	503,352	1,630	200,726	84,084	789,793	—	(9,430)	601,416
Balance at end of period	1,048,538	5,179	193,884	108,612	1,356,214	87,088	—	24,833,334

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Cash flows from operating activities		
Profit before income taxes	1,224,577	817,092
Depreciation	658,967	631,637
Amortization of goodwill	82,174	196,104
Increase (decrease) in allowance for doubtful accounts	(17,690)	(2,585)
Increase (decrease) in retirement benefit liability	(48,481)	(62,231)
Decrease (increase) in retirement benefit asset	(161,730)	(96,309)
Interest and dividend income	(75,828)	(105,003)
Interest expenses	18,663	42,744
Foreign exchange losses (gains)	(61,444)	(18,200)
Loss on retirement of non-current assets	115,100	122
Loss (gain) on sale of non-current assets	(652)	122
Decrease (increase) in trade receivables	74,508	351,739
Decrease (increase) in inventories	(1,304,236)	(874,458)
Decrease (increase) in other assets	174,254	(40,262)
Increase (decrease) in trade payables	(579,818)	(293,586)
Loss (gain) on sale of investment securities	(911)	(136,209)
Subsidy income	(17,266)	(7,750)
Decrease (increase) in consumption taxes refund receivable	(212,746)	80,287
Settlement income	—	(20,680)
Loss (gain) on extinguishment of tie-in shares	—	(8,477)
Gain on sale of investment in affiliated companies	—	(14,693)
Increase (decrease) in accrued consumption taxes	(279,464)	90,129
Increase (decrease) in other liabilities	77,692	(137,863)
Other, net	27,227	43,318
Subtotal	(307,104)	434,987
Interest and dividends received	74,615	100,513
Interest paid	(22,940)	(42,766)
Income taxes paid	(1,040,141)	(346,217)
Subsidies received	17,266	7,750
Settlement received	—	12,000
Net cash provided by (used in) operating activities	(1,278,303)	166,267
Cash flows from investing activities		
Purchase of investment securities	—	(149,642)
Proceeds from sale of investment securities	—	232,502
Purchase of intangible assets	(289,954)	(251,658)
Purchase of property, plant and equipment	(508,533)	(385,001)
Proceeds from sale of property, plant and equipment	11,187	6,277
Loan advances	—	(137,450)
Proceeds from collection of loans receivable	—	7,450
Payments of guarantee deposits	(3,689)	(5,037)
Proceeds from refund of guarantee deposits	5,985	6,341
Payments into time deposits	(632,200)	(642,000)
Proceeds from withdrawal of time deposits	613,210	642,007
Purchase of shares of subsidiaries	—	(550,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,773,840)	—
Other, net	(954)	(8,648)
Net cash provided by (used in) investing activities	(3,578,789)	(1,234,860)

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000,000	2,150,000
Proceeds from long-term borrowings	3,000,000	—
Repayments of long-term borrowings	(24,708)	(448,402)
Purchase of treasury shares	(226)	(82)
Dividends paid	(767,756)	(626,162)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(9,400)
Other, net	(668)	(629)
Net cash provided by (used in) financing activities	3,206,640	1,065,323
Effect of exchange rate change on cash and cash equivalents	254,916	135,953
Net increase (decrease) in cash and cash equivalents	(1,395,536)	132,684
Cash and cash equivalents at beginning of period	7,032,921	5,637,384
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	153,684
Cash and cash equivalents at end of period	5,637,384	5,923,753

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information)

Segment information

1. Description of reportable segments

Reportable segments are components of the Group about which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance.

The Group reports the financial statements of each of the Company and its consolidated subsidiaries to the Company's Board of Directors, which is the unit that makes up its business segments. Segments are aggregated based on similarities in products and sales markets of each segment, and the Group has two reportable segments: the stationery and office supply business and the interior lifestyle business.

Major companies engaged in the stationery and office supply business are as follows: the Company, P.T.KING JIM INDONESIA, KING JIM (MALAYSIA) SDN.BHD., KING JIM (SHANGHAI) TRADING CO., LTD., KING JIM (VIETNAM) CO., LTD., KING JIM (HK) CO., LIMITED and its subsidiary KING JIM (SHENZHEN) TRADING CO., LTD., and WINCESS CORPORATION. This business engages in the manufacture and sale of electric and living environment products (TEPRA, pomera, etc.) and stationery (filing tools and OA support products, etc.).

Major companies engaged in the interior lifestyle business are as follows: BON FURNITURE CO., LTD., LADONNA CO., LTD., ASCA CO., LTD., and Life on Products, Inc. This business engages in the planning and sale of furniture, kitchen goods, photo frames, aroma-related products, clocks, artificial flowers, household electronics, miscellaneous goods, room fragrances, etc.

2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting method used for reporting business segments is generally the same as that used for the preparation of Consolidated Financial Statements.

Segment profit (loss) figures are based on operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment

For the fiscal year ended June 20, 2022

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	26,060,742	10,575,773	36,636,516	—	36,636,516
Inter-segment net sales or transfers	92,197	239,113	331,311	(331,311)	—
Total	26,152,939	10,814,887	36,967,827	(331,311)	36,636,516
Segment profit	526,710	462,797	989,507	18,099	1,007,607
Segment assets	23,498,027	10,107,631	33,605,658	(93,473)	33,512,184
Other items					
Depreciation	546,831	112,185	659,016	(49)	658,967
Amortization of goodwill	—	82,174	82,174	—	82,174
Increase in property, plant and equipment and intangible assets	542,194	99,153	641,348	—	641,348

(Notes) 1. Adjustment of segment profit of ¥18,099 thousand and adjustment of segment assets of ¥(93,473) thousand are adjustments, etc., associated with the elimination of inter-segment transactions.

2. Segment profit is adjusted with operating profit in the consolidated statements of income.

For the fiscal year ended June 20, 2023

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Stationery and office supply	Interior lifestyle	Total		
Sales					
Sales to outside customers	25,933,563	13,460,335	39,393,899	—	39,393,899
Inter-segment net sales or transfers	102,665	278,245	380,910	(380,910)	—
Total	26,036,229	13,738,580	39,774,810	(380,910)	39,393,899
Segment profit (loss)	(20,072)	370,771	350,698	17,609	368,308
Segment assets	26,026,413	10,101,078	36,127,492	(315,347)	35,812,145
Other items					
Depreciation	494,123	137,560	631,683	(46)	631,637
Amortization of goodwill	31,754	164,349	196,104	—	196,104
Increase in property, plant and equipment and intangible assets	554,068	133,347	687,416	—	687,416

(Notes) 1. Adjustment of segment profit (loss) of ¥17,609 thousand and adjustment of segment assets of ¥(315,347) thousand are adjustments, etc., associated with the elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

4. Information concerning impairment loss on non-current assets or goodwill by reportable segment
(Significant changes in the amount of goodwill)

In the stationery and office supply business, goodwill was recognized due to the acquisition of shares of HIM Co., Ltd. The increase in goodwill due to this event was ¥431,856 thousand in the fiscal year ended June 20, 2023.

(Per share information)

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Net assets per share	¥846.80	¥867.29
Basic earnings per share	¥27.69	¥14.72
Diluted earnings per share	¥27.57	¥14.66

(Note) The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended June 20, 2022	For the fiscal year ended June 20, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	788,782	419,790
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	788,782	419,790
Average number of shares during the period (Shares)	28,491,160	28,520,767
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	116,300	116,301
(of which, share acquisition rights (Shares))	(116,300)	(116,301)
Overview of potential shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects	—	—

(Significant subsequent events)

There is no relevant information.